

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
BANK OF AYUDHYA PUBLIC COMPANY LIMITED

REPORT ON AUDIT OF INTERIM FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Bank of Ayudhya Public Company Limited and its subsidiaries (the “Bank and subsidiaries”) and the Bank’s financial statements of Bank of Ayudhya Public Company Limited (the “Bank”), which comprise the consolidated and Bank’s statements of financial position as at June 30, 2017, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and Bank’s financial statements present fairly, in all material respects, the financial position of Bank of Ayudhya Public Company Limited and its subsidiaries and of Bank of Ayudhya Public Company Limited as at June 30, 2017, and its financial performance and its cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Bank’s Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the requirements of the Code of Ethics for Professional Accountants determined by the Federation of Accounting Professions that are relevant to the audit of the consolidated and Bank’s financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and Bank's financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and Bank's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	Audit Responses
Allowance for doubtful accounts	
The allowance for doubtful accounts is considered to be a matter of most significance as it requires the application of judgment and use of subjective assumptions by management of the Bank and subsidiaries. The Bank and subsidiaries recognized both general and specific allowances of loans to customers, in accordance with the Bank of Thailand (the "BOT")'s notifications. The specific allowances used the specific percentage on loan classification based on collateralized approach on fair value of collateral whether its valuation is evaluated appropriately. The general allowances used the qualitative factors in assessment the ability to pay of debtors, including deteriorating economic and industry. Accounting policy for allowance for doubtful accounts and detail of allowance for doubtful accounts were disclosed in Notes 4.5 and 7.7 to the financial statements, respectively.	- Understood whether there were any changes in accounting policies and procedures regarding allowance for credit losses. If any, assessed the reasonableness of the changes and identified the impact of the changes. - Tested the design and operating effectiveness of the controls over loan classification, collateral value and loan credit review. - Tested the accuracy of loan classification and calculation of the specific allowance based on the specific percentage according to the BOT's notifications. For the valuation of collateral, the appraisal method and amount evaluated by independent authorized appraiser was approved by the Bank's appraisal committee and complied with the BOT's regulation. The appraisal date was in a period of time determined in the BOT's notification. - Tested the adequacy of allowance and the appropriateness of management assumption on general provision and analysis the economic and industry. Tested the loan impairment methodology calculated the expected loss of the loan portfolio by segmentation based on historical data to assess the adequacy of allowance.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Bank's Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and Bank's financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and Bank's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and Bank's financial statements, management is responsible for assessing the Bank and subsidiaries' and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank and subsidiaries' financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Bank's Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and Bank's financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and subsidiaries and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and Bank's financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the consolidated statements of profit or loss and other comprehensive income of Bank of Ayudhya Public Company Limited and its subsidiaries and the Bank's statements of profit or loss and other comprehensive income of Bank of Ayudhya Public Company Limited for the three-month period ended June 30, 2017, and the notes to the financial statements ("interim financial information"). The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Thai Standard on Review Engagements No. 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34, “Interim Financial Reporting”.

BANGKOK
August 23, 2017

Permsak Wongpatcharapakorn
Certified Public Accountant (Thailand)
Registration No. 3427
DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT JUNE 30, 2017

BAHT: '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at June 30, 2017	As at December 31, 2016	As at June 30, 2017	As at December 31, 2016
ASSETS				
CASH	30,975,636	36,142,429	30,463,250	35,670,918
INTERBANK AND MONEY MARKET ITEMS, NET (Note 7.2)	207,021,496	200,283,418	202,073,349	194,452,735
CLAIM ON SECURITY	11,047,592	13,838,550	11,047,592	13,838,550
DERIVATIVES ASSETS (Note 7.3)	17,160,652	29,117,399	17,188,631	29,117,399
INVESTMENTS, NET (Note 7.4)	125,376,908	131,781,831	125,353,059	131,762,520
INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES, NET (Note 7.5)	2,095,169	1,919,378	55,819,132	55,710,546
LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET (Note 7.6)				
Loans to customers	1,538,256,567	1,506,222,326	1,402,057,764	1,371,970,480
Accrued interest receivables	3,953,569	3,864,375	2,302,762	2,316,251
Total loans to customers and accrued interest receivables	1,542,210,136	1,510,086,701	1,404,360,526	1,374,286,731
<u>Less</u> Deferred revenue	(62,755,103)	(57,340,352)	(42,938,320)	(36,656,980)
<u>Less</u> Allowance for doubtful accounts (Note 7.7)	(50,831,482)	(48,273,619)	(35,549,760)	(32,647,817)
<u>Less</u> Revaluation allowance for debt restructuring (Note 7.8)	(1,259,346)	(1,187,903)	(39,295)	(28,026)
Net loans and accrued interest receivables	1,427,364,205	1,403,284,827	1,325,833,151	1,304,953,908
CUSTOMERS' LIABILITY UNDER ACCEPTANCE	518,364	476,024	518,364	476,024
PROPERTIES FOR SALE, NET (Note 7.9)	3,935,276	4,256,248	2,242,746	2,388,268
PREMISES AND EQUIPMENT, NET (Note 7.10)	25,160,902	25,221,074	23,377,594	23,326,968
GOODWILL AND OTHER INTANGIBLE ASSETS, NET (Note 7.11)	16,655,720	16,698,596	3,420,937	3,585,090
DEFERRED TAX ASSETS (Note 7.12)	4,693,909	4,713,693	-	-
ACCOUNTS RECEIVABLE FOR INVESTMENTS	604,755	52,668	604,755	52,668
OTHER ASSETS, NET (Note 7.13)	15,920,604	15,402,070	11,370,966	10,631,652
TOTAL ASSETS	1,888,531,188	1,883,188,205	1,809,313,526	1,805,967,246

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2017

BAHT: '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL	STATEMENTS	FINANCIAL	STATEMENTS
	As at	As at	As at	As at
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
LIABILITIES AND EQUITY				
DEPOSITS (Note 7.14)	1,163,312,433	1,108,287,927	1,158,423,880	1,102,914,201
INTERBANK AND MONEY MARKET ITEMS, NET (Note 7.15)	256,881,208	314,399,699	260,857,770	317,482,684
LIABILITY PAYABLE ON DEMAND	6,232,650	4,176,569	6,232,276	4,176,258
LIABILITY TO DELIVER SECURITY	11,047,592	13,838,550	11,047,592	13,838,550
DERIVATIVES LIABILITIES (Note 7.3)	17,757,084	20,581,038	17,757,084	20,581,236
DEBT ISSUED AND BORROWINGS (Note 7.16)	173,122,137	160,325,732	145,820,693	133,918,957
BANK'S LIABILITY UNDER ACCEPTANCE	518,364	476,024	518,364	476,024
PROVISIONS (Note 7.17)	7,938,474	7,333,340	6,979,062	6,456,427
DEFERRED TAX LIABILITIES (Note 7.12)	255,529	456,479	220,147	293,890
ACCOUNTS PAYABLE FOR INVESTMENTS	214,441	65,526	214,441	65,526
OTHER LIABILITIES (Note 7.19)	34,259,438	44,479,313	18,166,331	27,037,238
TOTAL LIABILITIES	1,671,539,350	1,674,420,197	1,626,237,640	1,627,240,991
EQUITY				
SHARE CAPITAL (Note 7.20)				
Authorized share capital				
7,574,143,747 ordinary shares of				
Baht 10 each	75,741,437	75,741,437	75,741,437	75,741,437
Issued and paid-up share capital				
7,355,761,773 ordinary shares of				
Baht 10 each	73,557,618	73,557,618	73,557,618	73,557,618
PREMIUM ON ORDINARY SHARES	52,878,749	52,878,749	52,878,749	52,878,749
OTHER RESERVES	3,875,071	4,062,842	3,986,363	3,963,430
RETAINED EARNINGS				
Appropriated				
Legal reserve	4,371,800	4,371,800	4,371,800	4,371,800
Unappropriated	81,626,882	73,308,328	48,281,356	43,954,658
TOTAL BANK'S EQUITY	216,310,120	208,179,337	183,075,886	178,726,255
NON-CONTROLLING INTEREST	681,718	588,671	-	-
TOTAL EQUITY	216,991,838	208,768,008	183,075,886	178,726,255
TOTAL LIABILITIES AND EQUITY	1,888,531,188	1,883,188,205	1,809,313,526	1,805,967,246

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2017
"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
INTEREST INCOME (Note 7.28)	23,423,741	21,085,778	15,992,259	14,821,870
INTEREST EXPENSES (Note 7.29)	6,485,485	5,830,653	6,041,764	5,703,986
INTEREST INCOME, NET	16,938,256	15,255,125	9,950,495	9,117,884
FEES AND SERVICE INCOME	6,266,151	5,694,558	3,190,511	2,877,934
FEES AND SERVICE EXPENSES	1,628,006	1,386,865	939,869	814,563
FEES AND SERVICE INCOME, NET (Note 7.30)	4,638,145	4,307,693	2,250,642	2,063,371
GAINS ON TRADING AND FOREIGN EXCHANGE TRANSACTIONS, NET (Note 7.31)	905,695	945,008	918,838	922,551
GAINS ON INVESTMENTS, NET (Note 7.32)	148,142	331,692	48,142	331,692
SHARE OF PROFIT FROM INVESTMENT FOR USING EQUITY METHOD	100,319	102,622	-	-
DIVIDEND INCOME	39,330	38,954	307,133	722,900
BAD DEBTS RECOVERIES	1,267,738	886,252	187,862	81,328
GAINS ON SALE PROPERTIES FOR SALE	153,126	258,358	100,367	159,447
OTHER OPERATING INCOME	170,140	216,370	189,193	255,018
TOTAL OPERATING INCOME	24,360,891	22,342,074	13,952,672	13,654,191
OTHER OPERATING EXPENSES				
Employee's expenses	5,757,343	5,254,915	3,987,838	3,810,038
Directors' remuneration	15,019	12,186	13,569	11,871
Premises and equipment expenses	2,031,122	1,766,281	1,556,764	1,390,204
Taxes and duties	646,648	640,188	440,038	448,896
Others	3,056,444	2,666,425	1,707,599	1,526,959
Total other operating expenses	11,506,576	10,339,995	7,705,808	7,187,968
IMPAIRMENT LOSS OF LOANS AND DEBT SECURITIES (Note 7.33)	5,439,240	5,254,706	3,207,856	2,909,114
PROFIT FROM OPERATING BEFORE INCOME TAX EXPENSES	7,415,075	6,747,373	3,039,008	3,557,109
INCOME TAX EXPENSES (Note 7.34)	1,459,198	1,406,710	471,759	622,061
NET PROFIT	5,955,877	5,340,663	2,567,249	2,935,048

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2017
"UNAUDITED"

BAHT : '000

	CONSOLIDATED		THE BANK'S		
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	2017	2016	2017	2016	
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain (loss) on remeasuring available-for-sales investments	201,760	(662,899)	201,760	(662,899)	
Gain (loss) arising from translating the financial statements of a foreign operation	(74,283)	5	-	-	
Income tax relating to components of other comprehensive income (Note 7.35)	(26,996)	132,582	(40,352)	132,582	
Total other comprehensive income, net	100,481	(530,312)	161,408	(530,317)	
TOTAL COMPREHENSIVE INCOME	6,056,358	4,810,351	2,728,657	2,404,731	
NET PROFIT ATTRIBUTABLE					
Owners of the Bank	5,871,356	5,268,748	2,567,249	2,935,048	
Non-controlling interest	84,521	71,915	-	-	
	5,955,877	5,340,663	2,567,249	2,935,048	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank	5,972,223	4,738,435	2,728,657	2,404,731	
Non-controlling interest	84,135	71,916	-	-	
	6,056,358	4,810,351	2,728,657	2,404,731	
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	0.80	0.72	0.35	0.40
WEIGHTED AVERAGE NUMBER OF					
ORDINARY SHARES	SHARES	7,355,761,773	7,355,761,773	7,355,761,773	7,355,761,773

Notes to consolidated and the Bank's financial statement form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
INTEREST INCOME (Note 7.28)	46,186,338	41,960,636	31,377,218	29,473,494
INTEREST EXPENSES (Note 7.29)	12,764,728	11,712,958	11,855,397	11,437,451
INTEREST INCOME, NET	33,421,610	30,247,678	19,521,821	18,036,043
FEES AND SERVICE INCOME	12,552,346	11,725,228	6,487,824	5,956,584
FEES AND SERVICE EXPENSES	3,245,393	2,873,779	1,932,229	1,682,837
FEES AND SERVICE INCOME, NET (Note 7.30)	9,306,953	8,851,449	4,555,595	4,273,747
GAINS ON TRADING AND FOREIGN EXCHANGE				
TRANSACTIONS, NET (Note 7.31)	1,923,369	1,796,232	1,959,870	1,774,328
GAINS ON INVESTMENTS, NET (Note 7.32)	341,142	530,745	241,142	530,745
SHARE OF PROFIT FROM INVESTMENT FOR USING				
EQUITY METHOD	175,791	173,493	-	-
DIVIDEND INCOME	107,968	76,924	3,134,493	3,775,180
BAD DEBTS RECOVERIES	2,499,796	1,813,078	352,928	145,998
GAINS ON SALE PROPERTIES FOR SALE	323,148	498,482	236,953	244,020
OTHER OPERATING INCOME	420,283	431,357	403,419	449,918
TOTAL OPERATING INCOME	48,520,060	44,419,438	30,406,221	29,229,979
OTHER OPERATING EXPENSES				
Employee's expenses	12,054,530	10,414,996	8,355,306	7,524,502
Directors' remuneration	27,795	23,393	24,902	22,666
Premises and equipment expenses	4,067,852	3,515,080	3,110,939	2,760,833
Taxes and duties	1,294,243	1,271,029	874,983	889,687
Others	5,843,234	5,245,384	3,245,694	2,958,276
Total other operating expenses	23,287,654	20,469,882	15,611,824	14,155,964
IMPAIRMENT LOSS OF LOANS AND				
DEBT SECURITIES (Note 7.33)	10,682,756	10,668,747	6,308,609	5,870,388
PROFIT FROM OPERATING BEFORE				
INCOME TAX EXPENSES	14,549,650	13,280,809	8,485,788	9,203,627
INCOME TAX EXPENSES (Note 7.34)	2,864,107	2,725,913	977,494	1,147,596
NET PROFIT	11,685,543	10,554,896	7,508,294	8,056,031

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

BAHT : '000

	CONSOLIDATED		THE BANK'S		
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	2017	2016	2017	2016	
OTHER COMPREHENSIVE INCOME					
Items that will be reclassified subsequently to profit or loss:					
Gain on remeasuring available-for-sales investments	189,287	134,397	189,287	134,397	
Loss arising from translating the financial statements of a foreign operation	(263,329)	(699)	-	-	
Income tax relating to components of other comprehensive income (Note 7.35)	12,944	(26,879)	(37,857)	(26,879)	
Total other comprehensive income, net	(61,098)	106,819	151,430	107,518	
TOTAL COMPREHENSIVE INCOME	11,624,445	10,661,715	7,659,724	8,163,549	
NET PROFIT ATTRIBUTABLE					
Owners of the Bank	11,516,102	10,418,983	7,508,294	8,056,031	
Non-controlling interest	169,441	135,913	-	-	
	11,685,543	10,554,896	7,508,294	8,056,031	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE					
Owners of the Bank	11,455,936	10,526,012	7,659,724	8,163,549	
Non-controlling interest	168,509	135,703	-	-	
	11,624,445	10,661,715	7,659,724	8,163,549	
EARNINGS PER SHARE OF OWNERS OF THE BANK					
BASIC EARNINGS PER SHARE	BAHT	1.57	1.42	1.02	1.10
WEIGHTED AVERAGE NUMBER OF					
ORDINARY SHARES	SHARES	7,355,761,773	7,355,761,773	7,355,761,773	7,355,761,773

Notes to consolidated and the Bank's financial statement form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

BAHT : '000

	CONSOLIDATED FINANCIAL STATEMENTS										
	Owners of the Bank								Non-Controlling Interest	Total	
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves			Retained Earnings		Total Bank's Equity			
			Asset Appraisal Surplus	Revaluation Surplus on Investments	Foreign Currency Translation	Deficit from Business Combination under Common Control	Appropriated Legal Reserve		Unappropriated		
Balance as of January 1, 2016	73,557,618	52,878,749	6,243,620	952,099	3,168	(5,217,755)	3,584,800	58,352,894	190,355,193	392,525	190,747,718
Change in revaluation surplus	-	-	(88,086)	-	-	-	-	88,086	-	-	-
Dividend payment (Note 7.20.2)	-	-	-	-	-	-	-	(2,942,305)	(2,942,305)	(81,935)	(3,024,240)
Total comprehensive income	-	-	-	107,518	(489)	-	-	10,418,983	10,526,012	135,703	10,661,715
Balance as of June 30, 2016	73,557,618	52,878,749	6,155,534	1,059,617	2,679	(5,217,755)	3,584,800	65,917,658	197,938,900	446,293	198,385,193
Balance as of January 1, 2017	73,557,618	52,878,749	8,422,604	758,581	99,412	(5,217,755)	4,371,800	73,308,328	208,179,337	588,671	208,768,008
Change in revaluation surplus	-	-	(128,497)	-	-	-	-	128,497	-	-	-
Dividend payment (Note 7.20.2)	-	-	-	-	-	-	-	(3,310,093)	(3,310,093)	(81,936)	(3,392,029)
Total comprehensive income	-	-	-	151,430	(211,596)	-	-	11,516,102	11,455,936	168,509	11,624,445
Change in shareholding in subsidiaries company	-	-	-	-	892	-	-	(15,952)	(15,060)	6,474	(8,586)
Balance as of June 30, 2017	73,557,618	52,878,749	8,294,107	910,011	(111,292)	(5,217,755)	4,371,800	81,626,882	216,310,120	681,718	216,991,838

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

BAHT : '000

	THE BANK'S FINANCIAL STATEMENTS							
	Issued and Paid-up Share Capital	Premium on Share Capital	Other reserves			Retained Earnings		Total
			Asset	Revaluation	Deficit from Business	Appropriated	Unappropriated	
			Appraisal	Surplus	Combination under	Legal		
			Surplus	on Investments	Common Control	Reserve		
Balance as of January 1, 2016	73,557,618	52,878,749	6,224,030	952,099	(5,217,755)	3,584,800	34,599,439	166,578,980
Change in revaluation surplus	-	-	(68,496)	-	-	-	68,496	-
Dividend payment (Note 7.20.2)	-	-	-	-	-	-	(2,942,305)	(2,942,305)
Total comprehensive income	-	-	-	107,518	-	-	8,056,031	8,163,549
Balance as of June 30, 2016	73,557,618	52,878,749	6,155,534	1,059,617	(5,217,755)	3,584,800	39,781,661	171,800,224
Balance as of January 1, 2017	73,557,618	52,878,749	8,422,604	758,581	(5,217,755)	4,371,800	43,954,658	178,726,255
Change in revaluation surplus	-	-	(128,497)	-	-	-	128,497	-
Dividend payment (Note 7.20.2)	-	-	-	-	-	-	(3,310,093)	(3,310,093)
Total comprehensive income	-	-	-	151,430	-	-	7,508,294	7,659,724
Balance as of June 30, 2017	73,557,618	52,878,749	8,294,107	910,011	(5,217,755)	4,371,800	48,281,356	183,075,886

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Income from operating before income tax expenses	14,549,650	13,280,809	8,485,788	9,203,627
Adjustments to reconcile income to cash received (paid)				
from operating activities:				
Depreciation and amortization	1,935,995	1,605,410	1,490,670	1,146,700
Deferred interest expenses	757	913	507	913
Impairment loss of loans and debt securities	10,682,756	10,668,747	6,308,609	5,870,388
Gains on translation in foreign currencies	(8,796,332)	(4,358,914)	(8,545,160)	(4,358,914)
Share of profit from investment for using equity method	(175,791)	(173,493)	-	-
Gains on investments	(341,142)	(530,745)	(241,142)	(530,745)
Increase (decrease) in discount on investments	45,302	(28,931)	45,302	(28,931)
Gains on sales of properties for sale	(323,148)	(498,482)	(236,953)	(244,020)
(Gains) losses on sales of premises and equipment	18,204	(4,187)	22,786	2,707
Loss on impairment of properties for sale	143,564	179,821	101,029	126,616
Reversal of loss on impairment of premises and equipment	(30)	(1,329)	(30)	-
Loss on impairment of other assets (reversal)	58,056	(57,483)	31,167	59,156
Increase in other reserves	570,656	263,790	489,749	204,165
Interest income, net	(33,421,610)	(30,247,678)	(19,521,821)	(18,036,043)
Interest received	46,169,941	44,595,992	31,387,412	24,751,889
Interest paid	(12,599,738)	(11,649,157)	(11,656,055)	(11,365,844)
Dividend income	(107,968)	(76,924)	(3,134,493)	(3,775,180)
Dividend received	112,365	76,978	111,966	76,222
Decrease in other accrued expenses	(471,190)	(902,170)	(326,214)	(327,606)
Income tax paid	(2,634,708)	(2,666,999)	(612,884)	(1,208,413)
Income from operations before changes in				
operating assets and liabilities	15,415,589	19,475,968	4,200,233	1,566,687
(Increase) decrease in operating assets				
Interbank and money market items	(8,200,093)	(3,721,586)	(8,880,513)	(3,747,849)
Derivatives assets	11,421,691	4,926,669	11,393,712	4,926,669
Current investments - securities for trading	(826,130)	(7,906,296)	(821,607)	(7,906,296)
Loans to customers	(42,069,948)	(69,833,518)	(32,853,844)	(56,586,818)
Properties for sale	4,053,457	4,327,979	2,522,189	2,230,440
Other assets	(646,819)	1,942,359	(1,021,968)	2,194,136

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

BAHT : '000

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Increase (decrease) in operating liabilities				
Deposits	57,389,115	16,560,770	57,874,288	16,764,388
Interbank and money market items	(45,901,137)	29,275,778	(45,007,560)	30,073,572
Liability payable on demand	2,148,245	2,020,503	2,148,181	2,020,503
Derivatives liabilities	(2,873,159)	(2,725,931)	(2,873,357)	(2,725,931)
Other liabilities	(10,593,011)	(8,124,019)	(9,300,258)	(7,754,620)
Net cash from operating activities	(20,682,200)	(13,781,324)	(22,620,504)	(18,945,119)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales of investments in securities	65,113,706	86,431,745	65,113,706	86,431,745
Cash paid for purchases of investments in securities	(57,828,461)	(77,395,185)	(57,828,409)	(77,395,185)
Cash paid for investment in subsidiaries	(8,586)	-	(208,586)	-
Dividend received from subsidiaries	-	-	3,026,924	3,699,013
Proceeds from sales of premises and equipment	64,772	38,663	5,472	1,080
Cash paid for purchases of premises and equipment	(1,179,692)	(1,242,807)	(1,012,415)	(965,587)
Cash paid for purchases of other assets	(341,270)	(457,546)	(232,567)	(406,898)
Net cash from investing activities	5,820,469	7,374,870	8,864,125	11,364,168
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from debts issued and borrowings	213,164,266	151,887,200	210,518,462	149,906,800
Cash paid for repayment of debts issued and borrowings	(200,101,940)	(147,385,851)	(198,616,726)	(143,585,267)
Cash paid for repayment of liabilities under finance lease agreements	(12,140)	(11,678)	(12,140)	(11,678)
Dividend payment	(3,392,029)	(3,024,240)	(3,310,093)	(2,942,305)
Net cash from financing activities	9,658,157	1,465,431	8,579,503	3,367,550
Total	(5,203,574)	(4,941,023)	(5,176,876)	(4,213,401)
Loss arising from translating the financial statements of a foreign operation	(134,287)	(489)	-	-
Effect of exchange rate change on cash	(30,792)	(443)	(30,792)	(443)
Net decrease in cash and cash equivalents	(5,368,653)	(4,941,955)	(5,207,668)	(4,213,844)
Cash and cash equivalents as at January 1,	39,576,980	35,468,254	35,670,918	33,595,831
Cash and cash equivalents as at June 30,	34,208,327	30,526,299	30,463,250	29,381,987

Notes to the consolidated and the Bank's financial statements form an integral part of these financial statements

(Mr. Noriaki Goto)
President and Chief Executive Officer

(Miss Duangdao Wongpanitkrit)
Director

BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2017

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BANK OF AYUDHYA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2017

1. GENERAL INFORMATION

Bank of Ayudhya Public Company Limited (“the Bank”) is a public company registered in the Kingdom of Thailand with its head office located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The Bank’s main business is commercial banking and the Bank conducts its business through a network of branches throughout Thailand and other countries. The immediate and ultimate parent company of the Bank are the Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mitsubishi UFJ Financial Group, Inc., respectively, both companies are registered in Japan. As at June 30, 2017 and December 31, 2016, the Bank has 18 subsidiaries and 17 subsidiaries, respectively as follows:

- 1.1 Ayudhya Development Leasing Company Limited, was incorporated in Thailand on July 25, 1991 and is located at 1222, 16th Floor, Bank of Ayudhya, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary’s main business includes leasing and hire-purchase.
- 1.2 Ayudhya Capital Auto Lease Public Company Limited, was incorporated in Thailand on November 27, 1995 and is located at 87/2, 26th, 30th and 48th Floor, CRC Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary’s main business is auto hire-purchase, leasing service and refinancing to individual and corporate customers.
- 1.3 Ngern Tid Lor Company Limited, was incorporated in Thailand on October 24, 2006, and is located at 89/170, 4th, 5th, 9th and 10th Floor, Juthamard Building, Viphavadi Rangsit Road, Talad Bangkhen Subdistrict, Laksi District, Bangkok. The subsidiary’s main business is hire-purchase loan and secured personal loan for vehicles and motorcycles.
- 1.4 Ayudhya Card Services Company Limited, was incorporated in Thailand on December 4, 1997 and is located at 1222, 5th A Floor, Building C, Bank of Ayudhya, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary’s main business is credit cards and personal loans. Subsidiary registered the completion of liquidation in July 2017.
- 1.5 Ayudhya Capital Services Company Limited, was incorporated in Thailand on November 9, 1994 and is located at 87/1, 1st-6th and 8th-11th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.
- 1.6 General Card Services Limited, was incorporated in Thailand on January 24, 1995 and is located at 87/1, 1st-6th and 8th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary’s main business is credit cards and personal loans.

- 1.7 Krungsriayudhya Card Company Limited, was incorporated in Thailand on August 29, 1996 and is located at 87/1, 1st-6th and 8th-11th Floor, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is credit cards and personal loans.
- 1.8 Siam Realty and Services Security Company Limited, was incorporated in Thailand on June 20, 1988, and is located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is car rental services and personnel services.
- 1.9 Total Services Solutions Public Company Limited, was incorporated as a public company limited in Thailand on May 19, 1997 and is located at 2/3 Moo 14, Bangna Towers B, Bang Na-Trat Km 6.5 Road, Bang Kaeo Subdistrict, Bang Phli District, Samutprakan. The subsidiary's main business is collection services.
- 1.10 Krungsri Asset Management Company Limited, was incorporated in Thailand on December 19, 1996 and is located at 898, 1st-2nd zone A, 12th and 18th Floor zone B, Ploenchit Tower Building, Ploenchit Road, Lumpini Subdistrict, Patumwan District, Bangkok. The subsidiary's main business is mutual funds and private fund management.
- 1.11 Krungsri Ayudhya AMC Limited, was incorporated in Thailand on August 18, 2000 and is located at 1222 Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is to develop, manage and sell assets transferred from financial institutions.
- 1.12 Krungsri Securities Public Company Limited, was incorporated in Thailand on April 16, 2004 and is located at 898, 3rd Floor, Ploenchit Tower, Ploenchit Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is a securities businesses.
- 1.13 Krungsri Factoring Company Limited, was incorporated in Thailand on February 1, 2007 and is located at 1222, 19th Floor, Bank of Ayudhya, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is factoring.
- 1.14 Krungsri Life Assurance Broker Company Limited, which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007 and located at 87/1, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a life insurance broker.
- 1.15 Krungsri General Insurance Broker Company Limited, which is 99.99% owned by Ayudhya Capital Services Company Limited, the Bank's subsidiary, was incorporated in Thailand on March 2, 2007 and is located at 87/1, Capital Tower, All Seasons Place, Wireless Road, Lumpini Subdistrict, Pathumwan District, Bangkok. The subsidiary's main business is as a general insurance broker.

- 1.16 Krungsri Finnovate Company Limited, was incorporated in Thailand on March 27, 2017 and is located at 1222, 10th Floor, Rama III Road, Bang Phongphang Subdistrict, Yannawa District, Bangkok. The subsidiary's main business is venture capital.
- 1.17 Krungsri Leasing Services Company Limited, as at June 30, 2017 and December 31, 2016, which is owned by Ayudhya Capital Auto Lease Public Company Limited of 78% and 35% and Ayudhya Capital Services Company Limited of 12%, and 35%, respectively, the Bank's subsidiaries, was incorporated in Laos People's Democratic Republic (Lao PDR) on February 18, 2014 and is located at 355, Unit 12, Kamphengmeung Road, Phonethan Village, Sayseththa District, Vientiane Capital, Lao PDR. The subsidiary's main business is hire-purchase, leasing and sales finance.
- 1.18 Hattha Kaksekar Limited, was incorporated in Cambodia in November 1996 and is located at 606, Street 271, Village 06, Sangkat Phsar Daeum Thkov, Khan Chamka Morn, Phnom Penh, the Kingdom of Cambodia. The subsidiary's main business is providing loans, deposit and other financial services.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS

- 2.1 The consolidated and the Bank's financial statements have been prepared in accordance with Thai Financial Reporting Standards issued by Federation of Accounting Professions (FAP), the regulation of the Thai Securities and Exchange Commission ("SEC") and the Stock Exchange of Thailand ("SET"), where the form of financial statements is based on Thai Accounting Standard No. 1 (Revised 2016) "Presentation of Financial Statements", including the Procedures, Policies and Presentation in accordance with the Bank of Thailand ("BOT") Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 4, 2015.

The interim financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

The interim financial statements are presented in Thai Baht, which is the Bank's functional currency. All financial information presented in Thai Baht has been rounded in the financial statements to the nearest thousand and in the notes to financial statements to the nearest million unless otherwise stated.

The Bank prepares its interim financial statements in the Thai language in conformity with Thai Financial Reporting Standards and the Notifications noted above. However, for convenience of readers, the Bank also prepares its interim financial statements in English language, by translating from the Thai version.

2.2 The consolidated financial statements included the accounts of the head office and all branches of the Bank and its subsidiaries. These subsidiaries are as follows:

Subsidiaries	Business type	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Bank (%)	
			As at	
			June 30, 2017	December 31, 2016
Ayudhya Development Leasing Company Limited	Hire-purchase and leasing	Thailand	99.99	99.99
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Thailand	100.00	100.00
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Thailand	100.00	100.00
Ayudhya Card Services Company Limited ⁽¹⁾	Credit cards and personal loans	Thailand	100.00	100.00
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
General Card Services Limited	Credit cards and personal loans	Thailand	100.00	100.00
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Thailand	100.00	100.00
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Thailand	100.00	100.00
Total Service Solutions Public Company Limited	Collection services	Thailand	100.00	100.00
Krungsri Asset Management Company Limited	Fund management	Thailand	76.59	76.59
Krungsri Ayudhya AMC Limited	Asset management	Thailand	100.00	100.00
Krungsri Securities Public Company Limited	Securities	Thailand	99.23	98.71
Krungsri Factoring Company Limited	Factoring	Thailand	100.00	100.00
Krungsri Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Thailand	100.00	100.00
Krungsri General Insurance Broker Limited ⁽²⁾	General insurance broker	Thailand	100.00	100.00
Krungsri Finnovate Company Limited	Venture capital	Thailand	100.00	-
Krungsri Leasing Services Company Limited ⁽³⁾	Hire-purchase, leasing and sales finance	Lao PDR	90.00	70.00
Hattha Kaksekar Limited	Micro finance	Cambodia	100.00	100.00

⁽¹⁾ Subsidiary registered the completion of liquidation in July 2017.

⁽²⁾ Indirectly holding via Ayudhya Capital Services Company Limited of 100%.

⁽³⁾ As at June 30, 2017 and December 31, 2016, indirectly holding via Ayudhya Capital Auto Lease Public Company Limited of 78% and 35% and Ayudhya Capital Services Company Limited of 12% and 35%, respectively.

All material intercompany transactions and balances have been eliminated.

3. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS

Since January 1, 2017, the Bank and its subsidiaries have adopted the new and revised Thai Financial Reporting Standards (“TFRSs”) issued by the Federation of Accounting Professions, which are effective on the financial statements for the accounting periods beginning on or after January 1, 2017. Thai Financial Reporting Standards which are related to the Bank and its subsidiaries are as follows:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events After the Reporting Period
TAS 12 (Revised 2016)	Income Taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2016)	Borrowing Cost
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economics
TAS 33 (Revised 2016)	Earnings per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets
TAS 40 (Revised 2016)	Investment Property
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

Thai Standards Interpretations Committee (“TSIC”)

TSIC 15 (Revised 2016)	Operating Leases - Incentives
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 31 (Revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standards Interpretations Committee (“TFRIC”)

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 21 (Revised 2016)	Levies

Guideline on Accounting

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

The above TFRSs have no material impact to the Bank and its subsidiaries’ financial statements except Thai Accounting Standard No. 38 (Revised 2016) “Intangible Assets”. The Bank and its subsidiaries have changed amortization method of intangible assets from revenue-based method to be straight-line method. The effects of such change are as follows:

	Unit: Million Baht	
	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK’S FINANCIAL STATEMENTS
Statements of profit or loss and other comprehensive income for the three-month period ended June 30, 2017		
Decrease in other expenses – amortization expenses	31.49	0.51
Increase in profit from operating before income tax expenses	31.49	0.51
	Unit: Million Baht	
	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK’S FINANCIAL STATEMENTS
Statements of profit or loss and other comprehensive income for the six-month period ended June 30, 2017		
Decrease in other expenses – amortization expenses	63.25	1.01
Increase in profit from operating before income tax expenses	63.25	1.01

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and cash equivalents

In the Bank's statement of cash flows, cash and cash equivalents consist of cash on hand and cash on collection of the Bank, in accordance with the BOT's Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 4, 2015.

In the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents of the Bank and cash on hand, deposits at banks, except for fixed deposits whose terms are greater than 3 months and deposits at banks used as collaterals, and investments of subsidiaries with maturities of 3 months or less.

4.2 Derivatives

The Bank and its subsidiaries have recognized derivatives transactions as follows:

- 4.2.1 Derivatives for trading are recorded at fair value and profit or loss from the price appraisal are recognized as income or expense in the statements of profit or loss and other comprehensive income.
- 4.2.2 Derivatives for hedging are recorded and profit or loss from the price appraisal are recognized as income or expense based on the accrual basis in line with the underlying transactions.

4.3 Investments

The Bank and its subsidiaries' investments which consist of debt securities and equity securities are classified as trading securities, available-for-sale securities, held-to-maturity securities or general investments.

In addition, the Bank complies with the BOT's Notification Sor.Nor.Sor. 21/2558 regarding the Preparation and Announcement of Financial Statements of Commercial Banks and Holding Companies of Financial Industry dated December 4, 2015, requiring commercial banks to present the investments as investments, net and investments in subsidiaries, associates companies and joint ventures, net.

Investments are initially recognized on the trade date.

Trading securities represent securities acquired with the intention to hold short-term to benefit from the anticipated changes in market value. Trading securities are carried at fair value. Realized gains or losses from the sales of trading securities and unrealized gains or losses on the changes in fair value are recognized as gains (losses) on trading and foreign exchange transactions in the statements of profit or loss and other comprehensive income. Interest earned and dividends received from trading securities are recognized using the accrual basis of accounting as interest income and dividend income, respectively.

Debt securities which the Bank and subsidiaries have the intention and ability to hold until maturity are classified as held-to-maturity and carried at the amortized cost, net of valuation allowances for impairment, if any. Valuation allowances are established to recognize an unrealized loss in the statements of profit or loss and other comprehensive income when impairment is determined by management.

Debt and equity securities with readily determinable market values that are not classified as either trading securities or held-to-maturity securities are classified as available-for-sale securities and carried at fair value. The unrealized gains or losses related to available-for-sale securities are reported as other comprehensive income in equity until realized upon the sale, disposition or a permanent decline in value occurs on such securities. Gain or loss on disposal or loss on impairment is recognized in the statements of profit or loss and other comprehensive income.

Non-marketable equity securities and marketable equity securities acquired from troubled debt restructuring are classified as general investments and carried at cost, net of valuation allowances for impairment, if any. Valuation allowances are established to recognize an unrealized loss in the statements of profit or loss and other comprehensive income when impairment is determined by management.

Premiums and discounts are amortized and accreted into income as adjustments to interest income using the effective interest rate method.

In the consolidated financial statements, investments in associated companies and joint ventures are accounted for by the equity method. In the Bank's financial statements, investments in subsidiaries and associated companies are accounted for by the cost method.

When an investment is assessed as being impaired, the amount of impairment is recognized as expense in the statements of profit or loss and other comprehensive income.

Equity securities which are non-listed securities are stated at cost, except in the case where a permanent decline in value is deemed to have occurred with the loss charged to the statements of profit or loss and other comprehensive income.

Cost of securities sold during the period is computed by using the weighted average method. Realized gains or losses from sales of debt and equity securities are included in the statements of profit or loss and other comprehensive income.

4.4 Loans to customers

Overdrafts are stated at the drawn amounts including interest.

Hire-purchase receivable and finance lease receivable are carried at contract amount plus initial direct cost.

Other loans are stated at the principal amounts.

Unearned discount from notes are presented in deferred revenue.

Unearned interest income and deferred subsidy income on hire-purchase contract and finance lease are presented in deferred revenue and recognized by the effective interest rate method.

Initial direct cost is recognized by the effective interest rate method.

4.5 Allowance for doubtful accounts

Allowance for doubtful accounts is determined through methods in accordance with the BOT's regulations. The Bank and its subsidiaries categorize their loan portfolio into six categories and determine allowance for doubtful accounts subject to different levels of provisioning. Allowance for doubtful accounts for loans classified as normal and special mention are calculated based on the minimum percentage in accordance with the BOT's guidelines by using the value of collateral for calculation of reserve. For loans classified as substandard, doubtful and doubtful of loss, the allowance rate is 100 percent of the difference between the outstanding loan value and present value of expected cash flow from proceeds from disposal of the collateralized assets which excludes collateral in the form of machinery. With the exception of a subsidiary that carries out a leasing business, the reserve calculation is determined by including the value of machinery as collateral. In addition, the Bank and its subsidiaries estimate an additional allowance for doubtful debts over the minimum percentage as specified in the BOT's guidelines.

Allowance for doubtful accounts for hire-purchase receivables of the Bank and its subsidiaries are calculated by using the collective approach which classifies a group of loans having similar credit risk characteristics based on the historical loss experience of each loan category.

Loans to customers are written-off in the year that they are determined to be irrecoverable. Bad debts written-off during the year are recorded as a deduction from the allowance for doubtful accounts. Bad debt and doubtful accounts are shown as expenses in the statements of profit or loss and other comprehensive income.

Bad debt recovery is recorded as income in the statements of profit or loss and other comprehensive income when received.

4.6 Troubled debt restructuring

Losses on troubled debt restructurings resulting from the reduction of principal and accrued interest and other form such as modifications of terms, asset transfers, equity securities transfers, and etc. are recognized as expenses in the statements of profit or loss and other comprehensive income.

For troubled debt restructurings with a modification of terms, the Bank has applied the BOT's criteria requiring the Bank to choose between the collateral method to estimate a loss amount and the net present value method which represents expected future cash flows by applying the discounted market interest rate on the restructuring date. Losses from such debt restructurings are recognized in the statements of profit or loss and other comprehensive income.

The Bank has recalculated the fair value of restructured debts in every month based on the discounted market interest rate as of the processing date and based on the discounted market interest rate as of the financial statements date that shown every quarter, except for commercial loan, the recalculation based on the discounted interest rate at contractual rate. The Bank adjusts the valuation on debt restructured for any change on monthly basis, in accordance with the BOT's criteria. The valuation adjustment on restructured debt shall not cause the book value of restructured debt to exceed the investment value on restructured debt.

Restructured debt with assets or equity securities transferred for debt repayment either in whole or in part are recorded at the fair value, net of estimated selling expenses, not to exceed the investment value on such debt and the right-to-claim interest income.

For investments in receivables incurred prior to January 1, 2013, that are subsequently restructured, the Bank has calculated the fair value of restructured debt as of the restructuring date and recognized the difference between book value and fair value in the statements of profit or loss and other comprehensive income for the year and classified investments in receivables as loans in accordance with the BOT's criteria.

4.7 Properties for sale

Properties for sale consist of immovable and movable properties which are recorded at the lower of net investment in the loan plus accrued interest (including previously unrecognized contractual interest) or the fair value of the property as of the date of foreclosure.

The Bank and its subsidiaries provided the allowance for impairment of properties for sale as disclosed in Note 6.3. Losses on impairment of properties for sale are shown as an expense in the statements of profit or loss and other comprehensive income.

Gains or losses on the disposal of such properties are realized upon disposition of the underlying asset and are included in other operating income in the statements of profit or loss and other comprehensive income.

4.8 Property, premises and equipment

Land is stated at the appraised value. Premises are stated at the appraised value less accumulated depreciation. Equipment is stated at cost less accumulated depreciation.

Revaluation of assets

Land and premises have been revalued by independent appraisers based on the market value for land and depreciated replacement cost for premises. For the portion of land and premises which have been revalued, the increments above the previous appraisal are recorded in land revaluation surplus and premises revaluation surplus accounts. In case of a revaluation decrease, the decline in value is deducted from such revaluation surplus to the extent that the new value is above original cost and recognized in the statements of profit or loss and other comprehensive income for the decrease in value below original cost.

The Bank's suite units in condominiums used as offices have been revalued by independent appraisers in accordance with the BOT's guidelines using depreciated replacement cost. The Bank has recorded the increment per appraisal of premises as revaluation surplus. Any revaluation decrease in excess of the original cost is recorded by deducting from the revaluation surplus.

During the Bank's usage of the revalued assets, the revaluation surplus will be gradually transferred directly to retained earnings equal to the difference between the depreciation calculated from book value of the revalued assets and the depreciation calculated from the original cost of such assets. All balances of the outstanding revaluation surplus will be transferred to retained earnings when the Bank writes off such assets from the financial statements.

Leased assets

Leases under which the Bank and its subsidiaries assume substantially all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statements of profit or loss and other comprehensive income.

Depreciation

Depreciation of premises (included revaluation) and equipment is calculated by the straight-line method, based on the estimated useful lives of the assets as follows:

Premises and building improvement	10 - 50 years
Equipment, furniture, fixtures, office equipment and vehicle	2 - 10 years

Gains or losses on the disposal of property, premises and equipment are recognized in other operating income or other expenses in the statements of profit or loss and other comprehensive income.

4.9 Intangible assets

Intangible assets with indefinite useful lives are stated at cost less allowance for impairment, if any. Intangible assets with finite useful lives are stated at cost less accumulated amortization and allowance for impairment.

Amortization

Software amortization is calculated by the straight-line method over the expected future economic benefit period between 3 - 10 years.

Amortization of other intangible assets received from business combinations such as information of customer relationships, dealer relationships and the distribution network, are calculated by the projected cash flow over the expected future economic benefit period between 8 - 20 years. Since January 1, 2017, amortization of other intangible assets received from business combinations are calculated by the straight-line method

Amortization incurred is recognized as other operating expense in the statements of profit or loss and other comprehensive income.

4.10 Recognition of income

Interest income from loans to customers and other income are recognized on an accrual basis, except interest income on hire-purchase contract is recognized by the effective interest rate method.

Interest income from investment in debt securities and investment in loans are recognized by the effective interest rate method.

The Bank and its subsidiaries are required by the BOT to stop accruing interest income for debtors when more than three months past due and reverse this accrued interest income from interest income. Thereafter, interest income from these debtors shall be recognized on a cash basis.

The asset management subsidiary recognizes interest income from investment in receivable and loans by using the market interest rate plus a risk premium that represents the discounted rate in calculating present value of future cash flows expected to be collected from receivables, except for certain receivables being doubtful of collection where the subsidiary recognizes interest income from such investments in receivable and loans on a cash basis.

The hire-purchase business recognize income for finance leases and hire-purchase contracts by the effective interest rate method.

4.11 Recognition of expenses

The Bank and its subsidiaries recognize expenses, including interest expenses on an accrual basis.

4.12 Employee benefits

The Bank and subsidiaries have 4 types of employee benefits as follows:

4.12.1 Provident funds

The Bank and its subsidiaries established a provident fund under the Provident Fund Act B.E. 2530. The fund is managed by a financial institution which is an authorized fund manager.

Member is required to make contribution at the rate of not less than 3% of salary.

The Bank and its subsidiaries will contribute as follows:

Service periods	Contribution rate (%)
Less than 5 years	5 - 10
5 years but less than 10 years	6 - 12
10 years but less than 20 years	8 - 12
Over 20 years	10 - 12.5

The contributions to the provident fund made by the Bank and its subsidiaries are recorded as employees' expenses in the statements of profit or loss and other comprehensive income.

4.12.2 Post-employment benefit obligations

- Pension plan

The employees who were permanently employed prior to January 1, 1998 and have completed at least 10 continuous service years are eligible to receive a pension payment when they leave the Bank. On January 1, 1998, the Bank established the provident fund for its employees to replace the pension plan. After the establishment of the provident fund, the amount due to a departing employee shall first be disbursed from the provident fund. If the estimated contributions made by the Bank and interest thereon are less than the pension receivable under the pension plan, the Bank will pay such difference by disbursing from the pension fund.

- Legal severance payment plan

All employees will receive severance payment upon retirement in accordance with the Labor Protection Act.

- Special retirement allowance

The employee will receive "Special Retirement Allowance" additional to legal severance payment plan upon resignation in accordance with the Bank's policy.

The obligations of these three plans are considered as unfunded defined benefit obligations and are separately measured by an actuary using the projected unit credit method to determine the present value of cash flows of employee benefit to be paid in the future. Under this method, the obligation is based on an actuarial calculation including the employee's expected salary, business turnover rate, salary increase rate, mortality rate, discount rate, years of services and other factors.

The expenses for the defined benefit plan are recognized as employee's expenses in the statement of profit or loss and other comprehensive income.

Actuarial gains (losses) are recognized in other comprehensive income.

4.12.3 Benefit from carry forward leave

The benefit from cumulative carry forward leave is recognized as a liability in the statement of financial position and employee's expenses in the statement of profit or loss and other comprehensive income when the employees render the service.

4.12.4 Other benefit

The employee of a subsidiary will receive "other benefit" upon resignation or retirement in accordance with the subsidiary's policy.

The cumulative of other benefit is recognized as a provision in the statement of financial position.

The expense is categorized as defined contribution plan and recorded as employee's expenses in the statements of profit or loss and other comprehensive income.

4.13 Contributions to the Financial Institution and Development Fund and the Deposit Protection Agency

Contributions to the Financial Institutions Development Fund and the Deposit Protection Agency are recognized on an accrual basis as expenses in the statements of profit or loss and comprehensive income.

4.14 Customer Loyalty Programmes

Customer Loyalty Programmes are to grant the points to customer who joins the program. The points are based on the certain transactions determined under customer loyalty programmes and able to be redeemed for free or discount of merchandise or services.

Obligation from granting the points is recognized and measured at the fair value of the consideration received or receivable which is derived from outstanding points expected future redemption multiplied by estimated fair value per points.

Such obligation is allocated from consideration received or receivable and recorded through deferred revenue customer loyalty programmes under other liabilities and recognized as fee income when the points are redeemed by customers.

4.15 Taxation

Income tax expenses (income) represent the sum of the tax currently payable and deferred tax.

4.15.1 Current tax

The current tax is the amount of income tax payable in respect of taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current tax is calculated using tax rates that have been enacted or substantively enacted on the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Bank and its subsidiaries intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

4.15.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). The Bank and its subsidiaries recognize deferred tax liabilities for all taxable temporary differences and recognize deferred tax assets for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the reporting date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that the Bank and its subsidiaries have sufficient taxable profit to allow total or part of the asset to be recovered. The Bank and its subsidiaries do not recognize deferred tax assets and liabilities for goodwill.

The Bank and its subsidiaries measure deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted on the end of the reporting period.

Deferred tax assets and liabilities must offset when the Bank and its subsidiaries have a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The Bank and its subsidiaries present income tax expenses or income related to profit or loss in the statements of profit or loss and other comprehensive income. For current income taxes and deferred taxes related to items recognized directly in other comprehensive income in equity in the same or different period, they will be recognized directly in other comprehensive income.

4.16 Earnings per share

Basic earnings per share are calculated by dividing net income by the number of weighted-average ordinary shares outstanding during the period.

4.17 Foreign currency transactions

4.17.1 Translation of foreign currency transactions

Transactions denominated in foreign currency are translated into the functional currency as follows:

On transaction date, the foreign currency transactions are translated using the exchange rate at the date of transaction.

At the end of each reporting period, the balance of monetary assets and liabilities are translated using the exchange rate on the reporting date and the balance of non-monetary assets and liabilities measured at historical cost are translated using the exchange rate at the transaction date.

Foreign exchange gains or losses from translation are recognized as income or expenses in gains (losses) on trading and foreign exchange transactions, net in the statements of profit or loss and other comprehensive income.

4.17.2 Translation of financial statements of foreign operations

In preparation of the consolidated and the Bank's financial statements, the Bank translates the financial statements of foreign operations which its functional currency is other than Thai Baht currency as follows:

The assets and liabilities of foreign operation are translated to Thai Baht at the foreign exchange rate at the reporting date.

The revenue and expenses of foreign operations are translated to Thai Baht at the foreign exchange rate at the dates of the transactions.

Foreign exchange differences arising from translation of the financial statements of foreign operation are recognized in other comprehensive income and its cumulative amount is presented as foreign currency translation reserve in other reserves under shareholders equity.

4.18 Business combination

Business combination which is not under common control

The Bank recognizes the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree separately from goodwill at fair value.

Goodwill in a business combination represents the excess of the cost of acquisition over the Bank's interest in the fair value of the identifiable net assets acquired as at the date of acquisition.

Negative goodwill arising on business acquisition represents the excess of the acquirer's interest in the fair value of the identifiable net asset acquired over the cost of acquisition.

Other costs directly attributable to the business combination are recorded as acquisition costs. Since January 1, 2011, other costs have been recognized as expenses in the statements of profit or loss and other comprehensive income.

Goodwill in a business combination is recognized as an asset recorded as of the acquisition date. Negative goodwill is recognized as income in the statements of profit or loss and other comprehensive income.

Goodwill is stated at cost less allowance for impairment (if any).

Business combination under common control

The Bank recognizes the business combination under common control similar to pooling of interests in accordance with the accounting guidance "Business Combination Under Common Control". The assets and liabilities of the acquiree are recognized using the net book value at the date of business combination. The difference between the cost of business combination and the interest of the Bank in the acquiree's net book value is recognized as premium (deficit) from business combination under common control presented under the Bank's equity in the statement of financial position.

5. RISK MANAGEMENT

5.1 Information of risk of the Bank

Through financial instruments both on-statement of financial position and off-statement of financial position, the Bank conducts its normal course of business to meet the financing needs of its customers, as well as for its investment purposes and to reduce exposure due to the fluctuations in foreign exchange rates and interest rates. The off-statement of financial position's financial instruments include commitments to extend credit, standby letters of credit, financial guarantees, interest rate swap and forward foreign exchange contracts. These instruments involve, to varying degrees, elements of credit, interest rate and foreign exchange risk in excess of the amount recognized in the financial statements. The contract or notional amounts of these instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

The introduction of new derivative products require an approval from the Board of Directors. Operating processes, including the breach of prescribed limits, and risk control are governed under the Derivatives Product Program and BOT's notification regarding guidelines on risk management for derivatives transactions.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Bank. The Bank reviews the policy on a regular basis and the Bank has adopted the policy in dealing with counterparties and obtaining sufficient collateral or other security where appropriate, as a mean of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statement of financial position, net of allowance for doubtful accounts (see Note 7.7), represents the Bank's maximum exposure to credit risk.

The Bank considers that there is no significant concentration of credit risk due to a large number of customers and counterparties in different industries.

Credit risk also arises from the possibility that the counterparty to off-statement of financial position's financial instruments will not adhere to the terms of the contract with the Bank when settlement becomes due.

The Bank's exposure to credit loss in the event of non-performance by the other party to the off-statement of financial position's financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for the on-statement of financial position's financial instruments. For interest rate swap and forward foreign exchange contracts, the contract or notional amounts do not represent exposure to credit loss. The Bank controls the credit risk of its financial instruments through prudent credit approvals, limits, and strict monitoring procedures.

Interest rate risk

Interest rate risk refers to the risk arising from changes in interest rates that have an adverse effect on the net interest earnings, change in fair value of financial instruments and the shareholders' equity. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and contingencies, and from mismatch in repricing rates of its assets, liabilities and contingencies.

Interest rate risk management is carried out by the Risk Management Committee ("RMC") and the Asset and Liability Management Committee ("ALCO"), which have been empowered by the Board of Directors with the authority to manage interest rate risk. ALCO is responsible for determining interest rate risk management, together with monitoring and controlling interest rate risk to ensure that it is at an acceptable risk appetite and in line with the interest rate risk management policy as approved by the Board of Directors. Bank will review such policy on a regular basis to commensurate with operating environments and changes in business.

The Bank employs various tools and method for its interest rate risk management. Net interest income simulation is conducted to assess the impact on banking book position and Value-at-Risk tool is employed for the trading book position to predict the Bank's potential maximum loss.

Foreign exchange rate risk

Foreign exchange risk refers to the loss affecting income and/or shareholders' equity from exchange rate fluctuations that affected foreign currency transactions and foreign currency assets and liabilities.

The Bank has a policy to cap its net foreign currency position. Most foreign currency transactions are mainly from services provided to the Bank's customers. In addition, the Bank enters into forward foreign exchange contracts as part of its risk management strategy of the foreign exchange risk arising from the Bank underlying assets and liabilities and hedges that risk from customers' transactions. The utilization of forward foreign exchange contracts for these purposes is governed by policies and guidelines approved by the Bank's Board of Directors and controlling procedures set by the Bank's relevant departments and Committees.

The Bank's Board of Directors is in charge of setting the limits for each specific currency and aggregate net FX position under an acceptable risk level and regularly reviews to be in line with business strategy and change in market circumstance, meanwhile the RMC ensures that the limits remain within the specified amount. The Bank monitors the risk level under the specified limits using the Value-at-Risk Method as the tool to manage the exchange rate risk and prepares a report on regular basis for the Bank's top management in the relevant departments.

Equity price risk

Price risk refers to the loss affecting income and/or shareholders' equity from a movement in equity price.

The Bank assesses the potential of securities issuer companies and has a policy to buy/sell equity securities mainly for medium-term and long-term purposed. In managing equity position risk which is held, according to initial intention, as long-term, the Bank monitors and reports the equity price risk and ensure that the level of capital fund is appropriate and sufficient to absorb losses arising from the positions.

The Bank's Board of Directors sets the total limit at an acceptable risk level and reviews it annually. The Bank monitors the level of risk under the specified risk limits using the Value-at-Risk Method to manage the equity price risk and prepares a report on regular basis for the Bank's top management in relevant departments.

Liquidity risk

Liquidity risk means risk resulting from the Bank's failure to pay its debts and obligations when due because of its inability to convert liquid assets into cash, or its failure to procure enough fund, or, if it can, that the fund comes with an exceptionally high cost that may affect incomes and capital fund now and in the future.

The Bank has established the liquidity risk management policy and the liquidity management guideline. In addition, liquidity contingency plan and guideline are formulated and conducted a plan testing to ensure readiness to deal with crisis situations. All of these are aimed at ensuring the efficiency of the Bank's liquidity risk management.

The Bank maintains liquidity buffer at a level commensurate with the economic situation. The Bank seeks to ensure that there is adequate cash for its business and its subsidiaries' business operations. In addition, the maintenance of liquid assets and Liquidity Coverage Ratio (LCR) "Liquid assets to the expected net cash outflows over 30 days under acute stressed scenarios" are to comply with the BOT's requirements at least 60% by January 2016 and rise by 10% each year to reach 100% on January 2020 onwards. Liquidity management utilizes qualitative and quantitative methods to ensure of appropriate risk diversification. Liquidity risk management of Bank is under the supervision of the ALCO. ALCO also monitors and manages liquidity risk to ensure that it is at an acceptable risk appetite and in line with the liquidity risk management policy as approved by the Board of Directors. The Bank reviews such policy on a regular basis to commensurate with business strategy and market circumstance that may be changed.

BOT still has required commercial banks to prepare and submit the liquidity risk reports in accordance with the Basel III guidelines, namely, and Report on Net Stable Funding Ratio ("NSFR") so that the BOT can use the information for analyzing the impact and developing an appropriate guideline for Thailand going forward. Bank has assessed impacts of compliance and calculated and reported the monthly NSFR ratios to relevant committee in order to ensure that compliance will not have any impact on the liquidity risk management of the Bank and Consolidation.

5.2 Assets and liabilities classified by maturity of interest repricing

The Bank and its subsidiaries' financial assets and liabilities classified by maturity of interest repricing as at June 30, 2017 and December 31, 2016 are as follows :

							Unit: Million Baht
CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2017							
	Not over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	163,150	994	-	-	-	42,877	207,021
Investments, net	19,452	23,107	74,170	3,045	-	5,603	125,377
Loans to customers	821,107	203,684	337,493	17,872	36,506	58,839	1,475,501
Financial liabilities							
Deposits	850,002	261,688	20,565	24	-	31,033	1,163,312
Interbank and money market Items, net	249,113	1,561	836	2,302	-	3,069	256,881
Debt issued and borrowings	46,552	15,970	68,361	42,210	-	29	173,122

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

	Not over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	153,200	4,003	-	-	-	43,080	200,283
Investments, net	15,580	46,439	60,865	3,079	-	5,819	131,782
Loans to customers	805,348	193,361	333,106	16,821	34,834	65,412	1,448,882
Financial liabilities							
Deposits	809,104	250,324	15,663	24	-	33,173	1,108,288
Interbank and money market Items, net	302,959	3,096	2,098	2,389	-	3,858	314,400
Debt issued and borrowings	46,432	23,029	65,425	25,376	-	64	160,326

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2017

	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	161,240	944	-	-	-	39,889	202,073
Investments, net	19,452	23,107	74,170	3,045	-	5,579	125,353
Loans to customers	824,992	170,554	313,131	17,512	29,078	3,852	1,359,119
Financial liabilities							
Deposits	849,846	256,432	20,139	22	-	31,985	1,158,424
Interbank and money market Items, net	253,230	1,527	718	2,302	-	3,081	260,858
Debt issued and borrowings	43,970	9,000	51,000	41,851	-	-	145,821

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2016

	Not Over 3 Months	Greater than 3-12 Months	Greater than 1-5 Years	Greater than 5 Years	Non- Performing Loans	Non- Interest Bearing	Total
Financial assets							
Interbank and money market items, net	149,815	3,904	-	-	-	40,734	194,453
Investments, net	15,580	46,439	60,865	3,079	-	5,800	131,763
Loans to customers	814,080	160,589	313,458	16,879	26,992	3,316	1,335,314
Financial liabilities							
Deposits	808,279	244,939	15,381	22	-	34,293	1,102,914
Interbank and money market Items, net	306,594	3,070	1,559	2,389	-	3,871	317,483
Debt issued and borrowings	45,490	13,585	50,000	24,844	-	-	133,919

5.3 Interest bearing financial instruments

The following table presents the Bank's average outstanding balances and interest amounts of interest bearing financial instruments for the six-month periods ended June 30, 2017 and 2016.

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2017			June 30, 2016		
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	153,089	1,308	1.7	180,425	1,424	1.6
Investments	120,769	1,354	2.2	102,444	1,094	2.1
Loans to customers	1,445,539	43,524	6.0	1,315,102	39,443	6.0
Total	<u>1,719,397</u>	<u>46,186</u>		<u>1,597,971</u>	<u>41,961</u>	
Interest bearing financial liabilities						
Deposits	1,097,313	8,616	1.6	1,017,352	8,725	1.7
Interbank and money market items	282,842	1,863	1.3	298,582	1,494	1.0
Debt issued and borrowings	166,004	2,286	2.8	105,768	1,494	2.8
Total	<u>1,546,159</u>	<u>12,765</u>		<u>1,421,702</u>	<u>11,713</u>	

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2017			June 30, 2016		
	Average Balance	Interest Amount	Average Rate (%)	Average Balance	Interest Amount	Average Rate (%)
Interest bearing financial assets						
Interbank and money market items	150,352	1,299	1.7	179,502	1,418	1.6
Investments	120,490	1,354	2.2	102,101	1,094	2.1
Loans to customers	1,330,448	28,724	4.3	1,223,251	26,961	4.4
Total	<u>1,601,290</u>	<u>31,377</u>		<u>1,504,854</u>	<u>29,473</u>	
Interest bearing financial liabilities						
Deposits	1,091,641	8,180	1.5	1,022,364	8,738	1.7
Interbank and money market items	286,454	1,869	1.3	301,011	1,508	1.0
Debt issued and borrowings	139,072	1,806	2.6	86,002	1,191	2.8
Total	<u>1,517,167</u>	<u>11,855</u>		<u>1,409,377</u>	<u>11,437</u>	

5.4 Maturities of financial assets and liabilities

The following table presents the Bank and its subsidiaries' maturities of financial assets and liabilities as at June 30, 2017 and December 31, 2016.

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
June 30, 2017								
	Call	Not Over	Greater than	Greater than	Greater than	Non-Performing	No	Total
		3 Months	3 - 12 Months	1 - 5 Years	5 Years	Loans	Maturity	
Financial assets								
Interbank and money								
market items, net	51,155	153,213	507	903	1,076	-	167	207,021
Investments, net	-	9,396	13,279	93,992	3,181	-	5,529	125,377
Loans to customers	43,494	270,409	285,937	543,732	295,423	36,506	-	1,475,501
Financial liabilities								
Deposits	580,546	300,489	261,662	20,591	24	-	-	1,163,312
Interbank and money								
market items, net	7,501	240,527	5,754	796	2,303	-	-	256,881
Debt issued and borrowings	-	46,608	16,810	67,738	41,956	-	10	173,122

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
December 31, 2016								
	Call	Not Over	Greater than	Greater than	Greater than	Non-Performing	No	Total
		3 Months	3 - 12 Months	1 - 5 Years	5 Years	Loans	Maturity	
Financial assets								
Interbank and money								
market items, net	60,296	123,079	14,034	1,252	1,429	-	193	200,283
Investments, net	-	8,139	29,907	84,897	3,201	-	5,638	131,782
Loans to customers	63,613	242,882	290,699	533,367	283,487	34,834	-	1,448,882
Financial liabilities								
Deposits	583,930	256,256	252,389	15,689	24	-	-	1,108,288
Interbank and money								
market items, net	13,281	293,572	3,177	1,981	2,389	-	-	314,400
Debt issued and borrowings	-	46,500	23,338	65,450	24,998	-	40	160,326

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
June 30, 2017								
	Call	Not Over	Greater than	Greater than	Greater than	Non-Performing	No	Total
		3 Months	3 - 12 Months	1 - 5 Years	5 Years	Loans	Maturity	
Financial assets								
Interbank and money								
market items, net	47,416	153,130	457	903	-	-	167	202,073
Investments, net	-	9,396	13,279	93,992	3,179	-	5,507	125,353
Loans to customers	63,786	235,776	230,396	506,486	293,597	29,078	-	1,359,119
Financial liabilities								
Deposits	584,464	297,367	256,407	20,164	22	-	-	1,158,424
Interbank and money								
market items, net	11,631	240,501	5,711	711	2,304	-	-	260,858
Debt issued and borrowings	-	43,970	9,000	51,000	41,851	-	-	145,821

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
December 31, 2016								
	Call	Not	Greater than	Greater than	Greater than	Non-Performing	No	Total
		Over	3 - 12	1 - 5	5 Years	Loans	Maturity	
		3 Months	Months	Years				
Financial assets								
Interbank and money								
market items, net	56,176	122,553	13,934	1,252	345	-	193	194,453
Investments, net	-	8,139	29,907	84,898	3,199	-	5,620	131,763
Loans to customers	62,813	230,932	228,909	503,225	282,443	26,992	-	1,335,314
Financial liabilities								
Deposits	587,687	254,884	244,913	15,408	22	-	-	1,102,914
Interbank and money								
market items, net	17,074	293,399	3,070	1,551	2,389	-	-	317,483
Debt issued and borrowings	-	45,490	13,585	50,000	24,844	-	-	133,919

5.5 Fair value of financial instruments

Fair value is the price that would be received from sell an asset or paid for transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in the absence of a principal market, the most a liquid market where the Bank and its subsidiaries are able to access.

Fair value measurement of financial assets and liabilities are determined according to the following hierarchy:

- Level 1 - Quoted price (unadjusted) in active market for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date
- Level 2 - Quoted price in active market for similar assets or liabilities, the quoted price for identical or similar assets in inactive market and other valuation technique where significant inputs used to measure the fair value are observable
- Level 3 - Using techniques where significant inputs used to measure the fair value are unobservable

A summary of carrying amount of financial assets and liabilities as at June 30, 2017 and December 31, 2016 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2017			December 31, 2016		
	Measured at fair value	Not measured at fair value	Total carrying amount	Measured at fair value	Not measured at fair value	Total carrying amount
Financial assets:						
Cash	-	30,976	30,976	-	36,142	36,142
Interbank and money market items, net	-	207,021	207,021	-	200,283	200,283
Derivatives assets	16,335	826	17,161	23,380	5,737	29,117
Investments, net	108,662	16,715	125,377	114,922	16,860	131,782
Loans to customers and accrued interest receivables, net	-	1,427,364	1,427,364	-	1,403,285	1,403,285
Total	<u>124,997</u>	<u>1,682,902</u>	<u>1,807,899</u>	<u>138,302</u>	<u>1,662,307</u>	<u>1,800,609</u>
Financial liabilities:						
Deposits	-	1,163,312	1,163,312	-	1,108,288	1,108,288
Interbank and money market items, net	-	256,881	256,881	-	314,400	314,400
Liability payable on demand	-	6,233	6,233	-	4,177	4,177
Derivatives liabilities	14,281	3,476	17,757	19,758	823	20,581
Debt issued and borrowings	-	173,122	173,122	-	160,326	160,326
Total	<u>14,281</u>	<u>1,603,024</u>	<u>1,617,305</u>	<u>19,758</u>	<u>1,588,014</u>	<u>1,607,772</u>

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2017			December 31, 2016		
	Measured at fair value	Not measured at fair value	Total carrying amount	Measured at fair value	Not measured at fair value	Total carrying amount
Financial assets:						
Cash	-	30,463	30,463	-	35,671	35,671
Interbank and money market items, net	-	202,073	202,073	-	194,453	194,453
Derivatives assets	16,363	826	17,189	23,380	5,737	29,117
Investments, net	108,658	16,695	125,353	114,922	16,841	131,763
Loans to customers and accrued interest receivables, net	-	1,325,833	1,325,833	-	1,304,954	1,304,954
Total	<u>125,021</u>	<u>1,575,890</u>	<u>1,700,911</u>	<u>138,302</u>	<u>1,557,656</u>	<u>1,695,958</u>
Financial liabilities:						
Deposits	-	1,158,424	1,158,424	-	1,102,914	1,102,914
Interbank and money market items, net	-	260,858	260,858	-	317,483	317,483
Liability payable on demand	-	6,232	6,232	-	4,176	4,176
Derivatives liabilities	14,281	3,476	17,757	19,758	823	20,581
Debt issued and borrowings	-	145,821	145,821	-	133,919	133,919
Total	<u>14,281</u>	<u>1,574,811</u>	<u>1,589,092</u>	<u>19,758</u>	<u>1,559,315</u>	<u>1,579,073</u>

Financial assets and liabilities measured at fair value

Classification of financial assets and liabilities measured at fair value by the level of fair value hierarchy as at June 30, 2017 and December 31, 2016 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS								Unit: Million Baht
	June 30, 2017				December 31, 2016			
	Fair value			Carrying amount	Fair value			Carrying amount
	Level 1	Level 2	Total fair value		Level 1	Level 2	Total fair value	
Derivatives assets								
- trading book	-	16,335	16,335	16,335	-	23,380	23,380	23,380
Investments - trading	133	580	713	713	-	425	425	425
Investments								
- available-for-sale	3,270	104,679	107,949	107,949	3,420	111,077	114,497	114,497
Derivative liabilities								
- trading book	-	14,281	14,281	14,281	-	19,758	19,758	19,758

Unit: Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
	June 30, 2017					December 31, 2016		
	Fair value			Carrying amount		Fair value		Carrying amount
	Level 1	Level 2	Total fair value		Level 1	Level 2	Total fair value	
Derivatives assets								
- trading book	-	16,363	16,363	16,363	-	23,380	23,380	23,380
Investments - trading	129	580	709	709	-	425	425	425
Investments								
- available-for-sale	3,270	104,679	107,949	107,949	3,420	111,077	114,497	114,497
Derivative liabilities								
- trading book	-	14,281	14,281	14,281	-	19,758	19,758	19,758

There are no transfers of financial assets and liabilities measured at fair value between level 1 and level 2 during the six-month period ended June 30, 2017 and for the year ended December 31, 2016.

Valuation technique for financial assets and liabilities measured at fair value are as follows:

Derivative - trading book

The valuation techniques using to determine the fair value of derivatives is dependent on the type of instrument and available market data used to measure the fair value. These valuation techniques include discounted cash flow model, option pricing model and other standards model commonly used by market participants. The data used in the valuation is the observable input e.g. interest rate, forward exchange rate. Credit valuation adjustments are also made against the valuation of derivative products to reflect the possibility that the counterparty may default and the Bank may not receive the full market value of the transactions.

Investments

Investment in domestic debt securities listed in Thai Bond Market Association (“ThaiBMA”), discounted cash flow using ThaiBMA yield curve as the discounted rate to determine the fair value.

Equity securities traded in the SET, the fair value is determined by using the last bid price of SET.

Investment in unit trust not listed in SET, the fair value is determined by using the net asset value at the reporting date announced by the asset management company.

Financial assets and liabilities not measured at fair value

Fair value of financial assets and liabilities which are not measured at fair value and their fair value hierarchy level classification is summarized as follows:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS									
	June 30, 2017					December 31, 2016				
	Fair value				Carrying amount	Fair value				Carrying amount
	Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value		Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value	
Financial assets:										
Cash	-	-	30,976	30,976	30,976	-	-	36,142	36,142	36,142
Interbank and money market items, net	-	-	207,021	207,021	207,021	-	-	200,283	200,283	200,283
Derivatives assets - banking book	532	-	-	532	826	5,444	-	-	5,444	5,737
Held to maturity and general investments	-	16,042	715	16,757	16,715	-	16,050	860	16,910	16,860
Loans to customers and accrued interest receivables, net	-	-	1,427,364	1,427,364	1,427,364	-	-	1,403,285	1,403,285	1,403,285
Total	532	16,042	1,666,076	1,682,650	1,682,902	5,444	16,050	1,640,570	1,662,064	1,662,307
Financial liabilities:										
Deposits	1,163,775	-	-	1,163,775	1,163,312	1,108,734	-	-	1,108,734	1,108,288
Interbank and money market items, net	-	-	256,881	256,881	256,881	-	-	314,400	314,400	314,400
Liability payable on demand	-	-	6,233	6,233	6,233	-	-	4,177	4,177	4,177
Derivatives liabilities - banking book	3,369	-	-	3,369	3,476	871	-	-	871	823
Debt issued and borrowings	133,809	4,172	35,970	173,951	173,122	113,880	4,355	41,327	159,562	160,326
Total	1,300,953	4,172	299,084	1,604,209	1,603,024	1,223,485	4,355	359,904	1,587,744	1,588,014

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2017					December 31, 2016				
	Fair value				Carrying amount	Fair value				Carrying amount
	Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value		Level 2	Level 3	Their carrying amounts are considered as a reasonable approximate of fair value	Total fair value	
Financial assets:										
Cash	-	-	30,463	30,463	30,463	-	-	35,671	35,671	35,671
Interbank and money market items, net	-	-	202,073	202,073	202,073	-	-	194,453	194,453	194,453
Derivatives assets - banking book	532	-	-	532	826	5,444	-	-	5,444	5,737
Held to maturity and general investments	-	16,042	695	16,737	16,695	-	16,050	841	16,891	16,841
Loans to customers and accrued interest receivables, net	-	-	1,325,833	1,325,833	1,325,833	-	-	1,304,954	1,304,954	1,304,954
Total	<u>532</u>	<u>16,042</u>	<u>1,559,064</u>	<u>1,575,638</u>	<u>1,575,890</u>	<u>5,444</u>	<u>16,050</u>	<u>1,535,919</u>	<u>1,557,413</u>	<u>1,557,656</u>
Financial liabilities:										
Deposits	1,158,755	-	-	1,158,755	1,158,424	1,103,331	-	-	1,103,331	1,102,914
Interbank and money market items, net	-	-	260,858	260,858	260,858	-	-	317,483	317,483	317,483
Liability payable on demand	-	-	6,232	6,232	6,232	-	-	4,176	4,176	4,176
Derivatives liabilities - banking book	3,369	-	-	3,369	3,476	871	-	-	871	823
Debt issued and borrowings	<u>110,497</u>	<u>-</u>	<u>35,970</u>	<u>146,467</u>	<u>145,821</u>	<u>91,967</u>	<u>-</u>	<u>41,575</u>	<u>133,542</u>	<u>133,919</u>
Total	<u>1,272,621</u>	<u>-</u>	<u>303,060</u>	<u>1,575,681</u>	<u>1,574,811</u>	<u>1,196,169</u>	<u>-</u>	<u>363,234</u>	<u>1,559,403</u>	<u>1,559,315</u>

Valuation technique for financial assets and liabilities not measured at fair value are as follows:

Cash and interbank and money market items (assets)

The carrying amounts of cash and interbank and money market items (assets) presented in the statement of financial position are the approximated fair value.

Held to maturity and general investments

The carrying amount of held to maturity and general investments presented in the statement of financial position is the approximated fair value, except for investment in asset-backed security which fair value calculated based on discounted cash flows.

Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables include variable interest rate loans, fixed rate loans with relatively short maturities and non-performing loans. Most loans carry a floating interest rate. The fair value is approximated by the outstanding balance of loans to customers and accrued interest receivables less allowance for doubtful accounts.

Deposits

The fair value of deposits is calculated based on discounted cash flows.

Interbank and money market items (liabilities)

The carrying amount of interbank and money market items (liabilities) presented in the statement of financial position is the approximated fair value.

Liabilities payable on demand

The carrying amount of liabilities payable on demand presented in the statement of financial position is the approximated fair value.

Debt issued and borrowings

The carrying amount of debt issued and borrowings presented in the statement of financial position is the approximated fair value, except for subordinated and long-term senior securities which fair values are based on the actual market prices and subordinated and other borrowing of foreign subsidiary which fair value calculated based on discounted cash flows.

Derivative - banking book

The valuation techniques using to determine the fair value of derivatives is dependent on the type of instrument and available market data used to measure the fair value. These valuation techniques include discounted cash flow model, option pricing model and other standards model commonly used by market participants. The data used in the valuation is the observable input e.g. interest rate, forward exchange rate. Credit valuation adjustments are also made against the valuation of derivative products to reflect the possibility that the counterparty may default and the Bank and its subsidiaries may not receive the full market value of the transactions.

5.6 Capital funds

The Bank maintains the internal capital adequacy assessment process in accordance with the supervisory review process of the BOT and monitors on a regular basis to ensure that the current and future capital requirements are aligned with the risk appetite in the Financial Business Group and the Bank.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the BOT. The Bank is required to calculate its Capital Funds in accordance with Basel III. As at June 30, 2017 and December 31, 2016 the Consolidated Supervision and the Bank's total capital funds and capital adequacy ratios can be categorized as follows:

Unit : Million Baht		
Basel III		
Consolidated Supervision		
	June 30, 2017	December 31, 2016
Common Equity Tier 1 capital		
Issued and paid-up share capital	73,558	73,558
Premium on share capital	52,879	52,879
Statutory reserve	4,372	4,372
Unappropriated retained earning	70,115	62,305
Other comprehensive income	8,890	8,959
Owner changes - other	(5,218)	(5,218)
<u>Less</u> Deduction items from Common Equity Tier 1 capital	<u>(21,036)</u>	<u>(20,220)</u>
Total Common Equity Tier 1 capital	183,560	176,635
Additional Tier 1	1,202	1,387
Total Tier 1 capital	184,762	178,022
Tier 2 capital	58,057	41,080
Total capital fund	<u>242,819</u>	<u>219,102</u>

Capital adequacy ratio (%)

	BOT regulatory		Basel III	
	Minimum requirement*	Consolidated Supervision	Minimum requirement*	Consolidated Supervision
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Total Common Equity Tier 1 capital / Total risk weighted assets	5.75	5.125	12.62	12.14
Total Tier 1 capital / Total risk weighted assets	7.25	6.625	12.70	12.24
Total capital / Total risk weighted assets	9.75	9.125	16.69	15.06
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			242,819	219,102
Capital ratio after deducting capital add-on arising from Single Lending Limit			16.69	15.06

* Since January 1, 2016, the BOT required the commercial banks to gradually increase and maintain the Conservation Buffer at a fixed rate of 0.625 percent per annum until it reaches 2.5 percent by January 1, 2019.

		Unit : Million Baht	
		Basel III	
		The Bank	
		June 30, 2017	December 31, 2016
Common Equity Tier 1 capital			
Issued and paid-up share capital		73,558	73,558
Premium on share capital		52,879	52,879
Statutory reserve		4,372	4,372
Unappropriated retained earning		40,644	36,052
Other comprehensive income		9,067	8,988
Owner changes - other		(5,218)	(5,218)
Less Deduction items from Common Equity Tier 1 capital		(12,354)	(11,803)
Total Common Equity Tier 1 capital		162,948	158,828
Additional Tier 1		-	-
Total Tier 1 capital		162,948	158,828
Tier 2 capital		49,383	32,266
Total capital fund		212,331	191,094

Capital adequacy ratio (%)

	BOT regulatory		Basel III	
	Minimum requirement*		The Bank	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Total Common Equity Tier 1 capital / Total risk weighted assets	5.75	5.125	12.25	11.77
Total Tier 1 capital / Total risk weighted assets	7.25	6.625	12.25	11.77
Total capital / Total risk weighted assets	9.75	9.125	15.96	14.16
Capital after deducting capital add-on arising from Single Lending Limit (Million Baht)			212,331	191,094
Capital ratio after deducting capital add-on arising from Single Lending Limit			15.96	14.16

* Since January 1, 2016, the BOT required the commercial banks to gradually increase and maintain the Conservation Buffer at a fixed rate of 0.625 percent per annum until it reaches 2.5 percent by January 1, 2019.

Disclosure of capital maintenance information of the Financial Business Group and the Bank under the BOT's Notification regarding the Disclosure of the Capital Requirement of the Financial Business Group and regarding the Disclosure of the Capital Requirement of Commercial Banks with details as follows:

Location of disclosure	www.krungsri.com
Date of disclosure	April 26, 2017
Information as at	December 31, 2016

The disclosure as at June 30, 2017 will be provided on or before October 31, 2017 on the above Bank's website as indicated in the BOT's Notification.

6. ESTIMATES AND ASSUMPTIONS

Preparation of financial statements in conformity with Thai Financial Reporting Standards principles requires management to make estimates and assumptions under certain circumstances. Such estimates and assumption affect reported amounts of revenues, expenses, assets and liabilities and require the disclosure of contingent assets and liabilities at the date of the financial statements that are differed estimates. The significant areas requiring management to make judgments and estimates that affect reported amounts and disclosures are as follows:

6.1 Fair value

For a business acquisition, the Bank's management estimates the fair value of assets, liabilities and other contingent liabilities of the acquiree's identifiable assets and liabilities at the acquisition date. In addition, any adjustments of the initial provision are finalized within 12 months after the acquisition date.

6.2 Allowance for doubtful accounts

The Bank and its subsidiaries estimate the minimum allowance for doubtful accounts in accordance with the BOT's guidelines. In addition, the Bank and its subsidiaries estimate an additional allowance which the management has considered based on the uncollectible loss from past experience, current economic conditions, and the ability to repay loans and accrued interest receivable. The Bank and its subsidiaries consider the value of collateral when deemed the primary source of repayment comes from the sales of the collateral.

A significant factor in the determination of the allowance for doubtful accounts is the value of collateral. Collateral pledged typically consists of land, buildings, and buildings under construction. Value of such collateral is based on independently and/or internally performed appraisals.

6.3 Allowance for properties for sale

The Bank and its subsidiaries estimate the allowance for impairment of properties for sale when there is a decline in net realizable value. In consideration of net realizable value, the Bank and its subsidiaries consider the appraised value together with other factors which can affect the realizable value such as related selling expenses, holding costs and discounted future expenses.

6.4 Goodwill

Goodwill is tested for impairment using a fair value method of discounted cash flows on a semi-annual basis.

6.5 Impairment of assets

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each financial statement date to determine whether there are any indications of impairment. If any such indication exists, the assets' recoverable amounts are estimated by discounting expected cash flows.

6.6 Provisions

Provisions are recognized as liabilities in the statement of financial position when it is probable that an obligation has been incurred as a result of a past event, and result in the certain likelihood of an outflow of economic benefits to settle the obligation and the amount of such obligation can be reasonably estimated.

6.7 Provision for contingent liabilities

The Bank provides a provision for contingent liabilities with high credit risk such as loan guarantees, avals or non cancellable contingent liabilities at the same provision rate as that provided for the same debtor on the statement of financial position.

6.8 Significant judgement on classification of joint arrangement

Tesco Card Services Limited is a separate limited liability company that Ayudhya Capital Services Company Limited (a subsidiary of the Bank) holds 50% of interests under the joint arrangement agreement which requires unanimous consent from the parties to the agreement for the relevant activities. Furthermore, there is no contractual arrangement or any other facts and circumstances indicate that Ayudhya Capital Services Company Limited and the party to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. For Tesco Life Assurance Broker Limited and Tesco General Insurance Broker Limited, they are also separate limited liability companies that Tesco Card Services Limited wholly holds 100% of interest. Accordingly, Tesco Card Services Limited, Tesco Life Assurance Broker Limited and Tesco General Insurance Broker Limited are classified as a joint venture of the Bank and its subsidiaries.

7. ADDITIONAL INFORMATION

7.1 Additional information of cash flows

7.1.1 Non-cash transactions for the six-month periods ended June 30, 2017 and 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	2017	2016	2017	2016
Increase in revaluation surplus on investments	189	134	189	134
Accumulated depreciation of premises appraisal deducted from premises revaluation surplus	(161)	(110)	(161)	(86)
Properties for sale debt repayment	3,553	3,583	2,241	1,816
Properties and premises transferred to be properties foreclosed	-	34	-	-

7.1.2 In accordance with a resolution passed by the Bank's Annual General Meeting of Shareholders No. 104 held on April 28, 2016, it approved the Bank to acquire all registered and issued shares (100%) of Hattha Kaksekar Limited ("HKL"), operated the microfinance business in Cambodia from the existing shareholders.

On September 12, 2016, the Ministry of Commerce of Cambodia approved the transaction and the legal transfer of HKL has been completely transferred to the Bank. The acquisition date is on September 12, 2016.

Fair value of assets and liabilities of subsidiary and book value of each item are as follows:

Consolidated financial statements

	Unit: Million Baht	
	Book Value	Fair Value
Assets		
Cash	361	361
Receivable and loans	14,246	14,705
Intangible assets	-	161
Others	4,806	4,752
	<u>19,413</u>	<u>19,979</u>
Liabilities		
Deposit and borrowings	15,591	15,604
Others	1,725	1,858
	<u>17,316</u>	<u>17,462</u>
Net assets	<u>2,097</u>	<u>2,517</u>
Goodwill		<u>2,806</u>
Cash payment to acquire shares		5,323
<u>Less</u> Cash of the subsidiary		<u>(361)</u>
Net cash payment		<u>4,962</u>

During the six-month period ended June 30, 2017, the Bank has adjusted the fair value of assets and liabilities based on the Final Purchase Price Allocation Report. Therefore, the Bank made an adjustment to goodwill, which had been previously recognized on the acquisition date in the consolidated statements of financial position as at June 30, 2017 as follows:

	Unit: Million Baht		
	Fair value as previously reported	Increase (decrease)	Fair value as final reported
Net assets	2,846	(329)	2,517
Purchase price	5,323	-	5,323
Goodwill	<u>2,477</u>	<u>329</u>	<u>2,806</u>

7.1.3 Realized and unrealized gains (losses) on foreign exchange

In the preparation of cash flows statements, realized gains (losses) on foreign exchange are based on a cash basis. Unrealized gains (losses) on foreign exchange are based on the translation difference of assets and liabilities in foreign currencies as described in the accounting policies. It is presented as an adjustment to reconcile income before tax to cash received (paid) from operating activities.

7.2 Interbank and money market items, net (Asset)

Interbank and money market items, net (Asset) as at June 30, 2017 and December 31, 2016 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	June 30, 2017			December 31, 2016		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	14,796	90,717	105,513	13,199	62,770	75,969
Commercial banks	1,011	27,022	28,033	1,262	18,765	20,027
Specialized financial institutions	-	3,113	3,113	-	13,733	13,733
Other financial institutions	400	33,159	33,559	203	33,458	33,661
Total	16,207	154,011	170,218	14,664	128,726	143,390
<u>Add</u> Accrued interest receivables	-	41	41	-	34	34
<u>Less</u> Allowance for doubtful accounts	-	(334)	(334)	-	(439)	(439)
Total domestic items	16,207	153,718	169,925	14,664	128,321	142,985
Foreign items						
US Dollar	17,962	2,042	20,004	23,559	11,045	34,604
Yen	10,588	-	10,588	16,224	-	16,224
Euro	3,549	-	3,549	489	-	489
Other currencies	2,849	106	2,955	5,359	615	5,974
Total	34,948	2,148	37,096	45,631	11,660	57,291
<u>Add</u> Accrued interest receivables	-	-	-	1	6	7
Total foreign items	34,948	2,148	37,096	45,632	11,666	57,298
Total domestic and foreign items	51,155	155,866	207,021	60,296	139,987	200,283

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	June 30, 2017			December 31, 2016		
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	14,796	90,717	105,513	13,199	62,770	75,969
Commercial banks	115	26,892	27,007	252	18,635	18,887
Specialized financial institutions	-	3,113	3,113	-	13,733	13,733
Other financial institutions	400	33,157	33,557	203	33,456	33,659
Total	15,311	153,879	169,190	13,654	128,594	142,248
<u>Add</u> Accrued interest receivables	-	41	41	-	34	34
<u>Less</u> Allowance for doubtful accounts	-	(334)	(334)	-	(439)	(439)
Total domestic items	15,311	153,586	168,897	13,654	128,189	141,843
Foreign items						
US Dollar	15,619	966	16,585	21,110	9,960	31,070
Yen	10,588	-	10,588	16,224	-	16,224
Euro	3,549	-	3,549	489	-	489
Other currencies	2,349	105	2,454	4,699	122	4,821
Total	32,105	1,071	33,176	42,522	10,082	52,604
<u>Add</u> Accrued interest receivables	-	-	-	-	6	6
Total foreign items	32,105	1,071	33,176	42,522	10,088	52,610
Total domestic and foreign items	47,416	154,657	202,073	56,176	138,277	194,453

7.3 Derivatives

7.3.1 Fair value and the notional amount classified by type of risk as at June 30, 2017 and December 31, 2016 are as follows:

CONSOLIDATED FINANCIAL STATEMENTS						Unit: Million Baht		
Risk type	June 30, 2017			December 31, 2016				
	Fair value /		Notional Amount	Fair value /		Notional Amount		
	Readjustment based on			Readjustment based on				
	an accrual basis				an accrual basis			
	Assets	Liabilities		Assets	Liabilities			
Exchange rate	12,401	12,750	952,324	24,039	15,030	1,086,297		
Interest rate	4,760	5,007	737,414	5,078	5,551	871,189		
Total	17,161	17,757	1,689,738	29,117	20,581	1,957,486		

Unit: Million Baht								
THE BANK'S FINANCIAL STATEMENTS								
Risk type	June 30, 2017			December 31, 2016				
	Fair value /		Notional	Fair value /		Notional		
	Readjustment based on			Readjustment based on				
	an accrual basis			an accrual basis			Amount	
	Assets	Liabilities	Amount	Assets	Liabilities	Amount		
Exchange rate	12,401	12,750	952,324	24,039	15,030	1,086,229		
Interest rate	4,788	5,007	739,249	5,078	5,551	871,189		
Total	17,189	17,757	1,691,573	29,117	20,581	1,957,418		

7.3.2 Proportion of derivatives transactions classified by type of counterparty on the basis of notional amount as at June 30, 2017 and December 31, 2016 are as follows:

Counterparty	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30,	December 31,	June 30,	December 31,
	2017	2016	2017	2016
	Proportion (%)	Proportion (%)	Proportion (%)	Proportion (%)
Financial institution	54.85	57.62	54.79	57.62
Related company	17.16	19.14	17.25	19.15
Third party	27.99	23.24	27.96	23.23
Total	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

7.4 Investments, net

Investments, net as at June 30, 2017 and December 31, 2016 consisted of the following:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
	June 30, 2017				December 31, 2016			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities for Trading								
Government and state enterprise securities	580	-	-	580	425	-	-	425
Domestic marketable equity securities	134	1	(2)	133	-	-	-	-
	714	1	(2)	713	425	-	-	425
<u>Add</u> Revaluation allowance	(1)			-	-			-
Total	713			713	425			425
Securities Available-for-Sale								
Government and state enterprise securities	91,764	536	(11)	92,289	95,728	296	(66)	95,958
Private sector's debt securities	11,118	340	(7)	11,451	13,358	399	(25)	13,732
Domestic marketable equity securities	4,213	457	(177)	4,493	4,747	532	(188)	5,091
	107,095	1,333	(195)	108,233	113,833	1,227	(279)	114,781
<u>Add</u> Revaluation allowance	1,138			-	948			-
<u>Less</u> Allowance for impairment	(284)			(284)	(284)			(284)
Total	107,949			107,949	114,497			114,497
Securities Held-to-Maturity								
Private sector's debt securities	16,050				16,050			
Investment in accounts receivable	575				714			
	16,625				16,764			
<u>Less</u> Allowance for impairment	(64)				(64)			
Total	16,561				16,700			
Securities for General Investments								
Domestic non-marketable equity securities	316				322			
Foreign non-marketable equity securities	30				30			
	346				352			
<u>Less</u> Allowance for impairment	(192)				(192)			
Total	154				160			
Total Investments, net	125,377				131,782			

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

	June 30, 2017				December 31, 2016			
	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost/ Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities for Trading								
Government and state enterprise securities	580	-	-	580	425	-	-	425
Domestic marketable equity securities	130	1	(2)	129	-	-	-	-
	710	1	(2)	709	425	-	-	425
<u>Add</u> Revaluation allowance	(1)			-	-			-
Total	709			709	425			425
Securities Available-for-Sale								
Government and state enterprise securities	91,764	536	(11)	92,289	95,728	296	(66)	95,958
Private sector's debt securities	10,839	340	(7)	11,172	13,079	399	(25)	13,453
Domestic marketable equity securities	4,213	457	(177)	4,493	4,747	532	(188)	5,091
	106,816	1,333	(195)	107,954	113,554	1,227	(279)	114,502
<u>Add</u> Revaluation allowance	1,138			-	948			-
<u>Less</u> Allowance for impairment	(5)			(5)	(5)			(5)
Total	107,949			107,949	114,497			114,497
Securities Held-to-Maturity								
Private sector's debt securities	16,050				16,050			
Investment in accounts receivable	575				714			
	16,625				16,764			
<u>Less</u> Allowance for impairment	(64)				(64)			
Total	16,561				16,700			
Securities for General Investments								
Domestic non-marketable equity securities	280				287			
Foreign non-marketable equity securities	30				30			
	310				317			
<u>Less</u> Allowance for impairment	(176)				(176)			
Total	134				141			
Total Investments, net	125,353				131,763			

For the six-month periods ended June 30, 2017 and 2016, revaluation surplus (deficit) on investments presented in the equity consists of the following:

	Unit: Million Baht	
	CONSOLIDATED AND THE BANK'S	
	FINANCIAL STATEMENTS	
	2017	2016
Beginning balance	948	1,190
Net amount transferred to profit or loss	(243)	(124)
Net change in fair value	432	258
Ending balance	<u>1,137</u>	<u>1,324</u>

As at June 30, 2017 and December 31, 2016, the Bank and its subsidiaries had investments in general investments in the consolidated and the Bank's financial statements of 3 companies and 1 company, respectively, subject to being delisted from the SET, with cost of Baht 12 million and market price of Baht 0.

7.5 Investments in subsidiaries and joint ventures, net

Investments in subsidiaries and joint ventures net as at June 30, 2017 and December 31, 2016 consisted of the following:

							Unit: Million Baht
							CONSOLIDATED FINANCIAL STATEMENTS
							June 30, 2017
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Investment (Equity Method)	Dividend
Joint ventures							
Tesco Card Services Limited ⁽¹⁾	Credit cards and personal loans	Common stock	2,080	50.00	1,040	1,878	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	12	50.00	-	59	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	107	50.00	-	158	-
Investments in joint ventures, net					<u>1,040</u>	<u>2,095</u>	<u>-</u>

Unit: Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2016							
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Investment (Equity Method)	Dividend
Joint ventures							
Tesco Card Services Limited ⁽¹⁾	Credit cards and personal loans	Common stock	2,080	50.00	1,040	1,715	-
Tesco Life Assurance Broker Limited ⁽²⁾	Life assurance broker	Common stock	12	50.00	-	57	-
Tesco General Insurance Broker Limited ⁽²⁾	General insurance broker	Common stock	107	50.00	-	147	-
Investments in joint ventures, net					<u>1,040</u>	<u>1,919</u>	<u>-</u>

⁽¹⁾ Indirect holding via Ayudhya Capital Services Company Limited

⁽²⁾ Indirect holding via Tesco Card Services Limited

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2017						
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Dividend
Subsidiaries						
Ayudhya Development Leasing Company Limited	Hire- purchase and leasing	Common stock	1,235	99.99	3,929	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	100.00	19,880	2,759
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock	3,290	100.00	3,126	-
		Preferred stock			1	-
Ayudhya Card Services Company Limited ⁽¹⁾	Credit cards and personal loans	Common stock	180	100.00	-	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	100.00	11,941	-
General Card Services Limited	Credit cards and personal loans	Common stock	2,458	100.00	2,581	-
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	100.00	6,275	-
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Common stock	100	100.00	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	401	100.00	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	268
Krungsri Ayudhya AMC Limited	Asset management	Common stock	2,700	100.00	4,565	-
Krungsri Securities Public Company Limited	Securities	Common stock	600	99.23	739	-
Krungsri Factoring Company Limited	Factoring	Common stock	300	100.00	300	-
Krungsri Finnovate Company Limited	Venture capital	Common stock	200	100.00	200	-
Hattha Kaksekar Limited	Micro finance	Common stock	237	100.00	5,415	-
Investments in subsidiaries					60,871	3,027
<u>Less</u> Allowance for impairment					<u>(5,052)</u>	<u>-</u>
Investments in subsidiaries net					<u>55,819</u>	<u>3,027</u>

⁽¹⁾ Subsidiary registered the completion of liquidation in July 2017.

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
December 31, 2016						
Company Name	Business Type	Securities Investment Type	Registered Share Capital	Proportion of Ownership Interest and Voting Power Held by the Bank (%)	Investment (Cost)	Dividend
Subsidiaries						
Ayudhya Development Leasing Company Limited	Hire- purchase and leasing	Common stock	1,235	99.99	3,929	-
Ayudhya Capital Auto Lease Public Company Limited	Hire-purchase and auto leasing	Common stock	25,545	100.00	19,880	4,708
Ngern Tid Lor Company Limited	Hire-purchase and motorcycle loans	Common stock } Preferred stock }	3,290	100.00	3,126 1	1,000 -
Ayudhya Card Services Company Limited ⁽¹⁾	Credit cards and personal loans	Common stock	180	100.00	-	-
Ayudhya Capital Services Company Limited	Credit cards and personal loans	Common stock	5,925	100.00	11,941	-
General Card Services Limited	Credit cards and personal loans	Common stock	2,458	100.00	2,581	400
Krungsriayudhya Card Company Limited	Credit cards and personal loans	Common stock	5,906	100.00	6,275	-
Siam Realty and Services Security Company Limited	Car rental services and personnel services	Common stock	100	100.00	100	-
Total Services Solutions Public Company Limited	Collection services	Common stock	401	100.00	1,614	-
Krungsri Asset Management Company Limited	Fund management	Common stock	350	76.59	205	268
Krungsri Ayudhya AMC Limited	Asset management	Common stock	2,700	100.00	4,565	-
Krungsri Securities Public Company Limited	Securities	Common stock	600	98.71	731	-
Krungsri Factoring Company Limited	Factoring	Common stock	300	100.00	300	-
Hattha Kaksekar Limited	Micro finance	Common stock	237	100.00	5,415	-
Investments in subsidiaries					60,663	6,376
<u>Less</u> Allowance for impairment					(4,952)	-
Investments in subsidiaries net					55,711	6,376

⁽¹⁾ Subsidiary registered the completion of liquidation in July 2017.

DISCLOSURE OF THE STATEMENTS OF CASH FLOWS OF ASSET MANAGEMENT COMPANY

KRUNGSRI AYUDHYA AMC LIMITED
STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2017

Unit: Million Baht

	2017	2016
Cash flows from operating activities		
Income before income tax	102	103
Adjustments to reconcile income to cash provided (paid) from operating activities		
Bad debt and doubtful accounts	17	1
Loss on impairment of properties for sale	3	2
Depreciation and amortization	-	1
Gain on sales of properties for sale	(48)	(56)
Employment benefits expenses	4	4
Interest income, net	(76)	(56)
Interest received	76	56
Income tax paid	(22)	(10)
Income from operations before changes in operating assets and liabilities	56	45
(Increase) decrease in operating assets		
Investment in receivables	19	15
Loans to customers	1	16
Properties for sale	160	188
Other assets	56	(11)
Decrease in operating liabilities		
Other liabilities	(47)	-
Net cash from operating activities	245	253
Cash flows from investing activities		
Net cash from investing activities	-	-
Cash flows from financing activities		
Net cash from financing activities	-	-
Net increase in cash and cash equivalents	245	253
Cash and cash equivalents as at January 1,	957	458
Cash and cash equivalents as at June 30,	1,202	711

7.6 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at June 30, 2017 and December 31, 2016 are as follows:

(1) Classified by products

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Overdrafts	57,571	55,297	57,520	55,243
Loan against contract	746,989	737,450	772,679	782,688
Trade bill	295,318	296,147	296,780	297,178
Hire-purchase receivable	368,906	344,044	268,610	232,016
Lease contract receivable	15,272	14,413	3,646	3,452
Credit card receivable	50,379	56,542	-	-
Others	3,821	2,329	2,822	1,394
Total	1,538,256	1,506,222	1,402,057	1,371,971
<u>Less</u> Deferred revenue	(62,755)	(57,340)	(42,938)	(36,657)
Loans to customers after deferred revenue, net	1,475,501	1,448,882	1,359,119	1,335,314
<u>Add</u> Accrued interest receivables	3,954	3,865	2,303	2,316
Loans to customers and accrued interest receivable after deferred revenue, net	1,479,455	1,452,747	1,361,422	1,337,630
<u>Less</u> Allowance for doubtful accounts				
1) BOT requirement :				
- Individual approach	(26,474)	(24,525)	(21,918)	(20,006)
- Collective approach	(8,272)	(7,693)	(6,099)	(5,220)
2) Surplus reserve	(16,085)	(16,056)	(7,533)	(7,422)
<u>Less</u> Revaluation allowance for debt restructuring	(1,260)	(1,188)	(39)	(28)
Total loans to customers, net	1,427,364	1,403,285	1,325,833	1,304,954

(2) Classified by currency and residence of debtors

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2017			December 31, 2016			
Domestic	Foreign	Total	Domestic	Foreign	Total	
Baht	1,381,773	11,502	1,393,275	1,350,834	11,571	1,362,405
US Dollar	54,862	21,920	76,782	60,759	21,891	82,650
Other currencies	1,663	3,781	5,444	1,575	2,252	3,827
Total	<u>1,438,298</u>	<u>37,203</u>	<u>1,475,501</u>	<u>1,413,168</u>	<u>35,714</u>	<u>1,448,882</u>

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2017			December 31, 2016			
Domestic	Foreign	Total	Domestic	Foreign	Total	
Baht	1,281,700	10,805	1,292,505	1,253,181	10,846	1,264,027
US Dollar	54,862	7,301	62,163	60,759	6,079	66,838
Other currencies	1,663	2,788	4,451	1,575	2,874	4,449
Total	<u>1,338,225</u>	<u>20,894</u>	<u>1,359,119</u>	<u>1,315,515</u>	<u>19,799</u>	<u>1,335,314</u>

(3) Classified by business type and classification

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2017						
Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total	
Agriculture and mining	17,436	972	119	88	797	19,412
Manufacturing and trading	354,794	11,201	3,007	1,629	9,821	380,452
Real estate and construction	87,103	3,739	748	334	1,802	93,726
Public utilities and services	151,906	13,569	195	236	1,627	167,533
Housing loans	198,287	1,583	1,049	1,327	2,558	204,804
Others	575,811	22,594	5,218	2,180	3,771	609,574
Total	<u>1,385,337</u>	<u>53,658</u>	<u>10,336</u>	<u>5,794</u>	<u>20,376</u>	<u>1,475,501</u>

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
December 31, 2016						
Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total	
Agriculture and mining	17,101	658	93	103	777	18,732
Manufacturing and trading	377,983	15,831	4,187	1,411	6,250	405,662
Real estate and construction	83,854	2,834	1,321	172	1,587	89,768
Public utilities and services	146,896	13,020	275	530	1,700	162,421
Housing loans	191,176	2,045	1,197	1,419	2,266	198,103
Others	539,300	23,350	5,491	2,241	3,814	574,196
Total	<u>1,356,310</u>	<u>57,738</u>	<u>12,564</u>	<u>5,876</u>	<u>16,394</u>	<u>1,448,882</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2017

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	13,487	949	75	69	172	14,752
Manufacturing and trading	350,954	10,937	2,995	1,611	9,141	375,638
Real estate and construction	86,058	3,738	730	260	1,796	92,582
Public utilities and services	151,893	13,569	195	236	1,247	167,140
Housing loans	196,786	1,581	1,047	1,327	2,540	203,281
Others	488,233	11,856	2,123	1,546	1,968	505,726
Total	<u>1,287,411</u>	<u>42,630</u>	<u>7,165</u>	<u>5,049</u>	<u>16,864</u>	<u>1,359,119</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2016

	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	13,074	645	84	94	158	14,055
Manufacturing and trading	374,203	15,590	4,178	1,383	5,579	400,933
Real estate and construction	83,072	2,835	1,226	171	1,581	88,885
Public utilities and services	146,864	13,019	275	530	1,317	162,005
Housing loans	188,055	2,040	1,195	1,416	2,241	194,947
Others	457,110	11,815	2,095	1,539	1,930	474,489
Total	<u>1,262,378</u>	<u>45,944</u>	<u>9,053</u>	<u>5,133</u>	<u>12,806</u>	<u>1,335,314</u>

(4) Classified by type of classification

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	1,389,094	920,782	1, 2	10,923
Special mention	53,854	41,636	2, 14	3,064
Substandard	10,336	7,820	51, 100	6,389
Doubtful	5,794	3,258	46, 100	2,505
Doubtful of loss	20,377	10,172	100	11,865
Total	<u>1,479,455</u>	<u>983,668</u>		<u>34,746⁽¹⁾</u>
2. Surplus Reserve				<u>16,085⁽²⁾</u>
Total				<u>50,831</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	1,359,936	907,176	1	10,426
Special mention	57,976	45,028	2, 14	3,100
Substandard	12,564	8,493	50, 100	7,254
Doubtful	5,876	2,964	46, 100	2,388
Doubtful of loss	16,395	7,385	100	9,050
Total	<u>1,452,747</u>	<u>971,046</u>		<u>32,218⁽¹⁾</u>
2. Surplus Reserve				<u>16,056⁽²⁾</u>
Total				<u>48,274</u>

(1) Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2017 and December 31, 2016, of Baht 8,272 million and Baht 7,693 million, respectively.

(2) Including allowance for doubtful accounts of loans granted to subsidiaries as at June 30, 2017 and December 31, 2016, at the rate of 1% of Baht 102,838 million and Baht 118,284 million equal to Baht 1,028 million and Baht 1,183 million, respectively, which are not eliminated but treated as surplus reserve in the consolidated financial statements.

(3) % set up are the minimum rates required by the BOT for loans to customers and the rates used for the collective approach valuation.

(4) Excluding revaluation allowance for debt restructuring as at June 30, 2017 and December 31, 2016, of Baht 1,260 million and Baht 1,188 million, respectively, and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2017 and December 31, 2016, of Baht 334 million and Baht 439 million, respectively.

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2017

	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	1,289,610	828,932	1,2	9,806
Special mention	42,734	31,710	2, 11	2,207
Substandard	7,165	4,758	39, 100	4,195
Doubtful	5,049	2,611	39, 100	2,130
Doubtful of loss	16,864	8,091	100	9,679
Total	<u>1,361,422</u>	<u>876,102</u>		<u>28,017⁽¹⁾</u>
2. Surplus Reserve				<u>7,533⁽²⁾</u>
Total				<u>35,550</u>

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
December 31, 2016				
	Loans to Customers and Accrued Interest Receivables	Outstanding Balance Use for Calculation Allowance	% Use for Calculation Allowance ⁽³⁾	Allowance for Doubtful Accounts ⁽⁴⁾
1. Minimum allowance per BOT guideline				
Normal	1,264,559	819,366	1	9,378
Special mention	46,079	34,415	2, 12	2,157
Substandard	9,053	5,164	41, 100	4,819
Doubtful	5,133	2,280	41, 100	2,035
Doubtful of loss	12,806	5,356	100	6,837
Total	<u>1,337,630</u>	<u>866,581</u>		25,226 ⁽¹⁾
2. Surplus Reserve				7,422 ⁽²⁾
Total				<u>32,648</u>
⁽¹⁾ Including allowance for doubtful accounts on a collective approach for hire-purchase loans as at June 30, 2017 and December 31, 2016, of Baht 6,099 million and Baht 5,220 million, respectively.				
⁽²⁾ Including allowance for doubtful accounts of loan granted to subsidiaries as at June 30, 2017 and December 31, 2016, at the rate of 1% of Baht 102,838 million and Baht 118,284 million, equal to Baht 1,028 million and Baht 1,183 million, respectively.				
⁽³⁾ % set up are the minimum rates required by the BOT for loans to customers and the rates used for the collective approach valuation.				
⁽⁴⁾ Excluding revaluation allowance for debt restructuring as at June 30, 2017 and December 31, 2016, of Baht 39 million and Baht 28 million, respectively and excluding allowance for doubtful accounts for interbank and money market items as at June 30, 2017 and December 31, 2016, of Baht 334 million and Baht 439 million, respectively.				

For the six-month periods ended June 30, 2017 and 2016, the Bank entered into agreements to sell non-performing loans (NPLs) to the third parties as follows:

Unit: Million Baht		
CONSOLIDATED AND THE BANK'S		
FINANCIAL STATEMENTS		
	2017	2016
Book value	1,858	1,152
Net book value	1,432	820
Sale price	1,432	820

As at June 30, 2017 and December 31, 2016, the Bank and Krungsri Ayudhya AMC Limited ("AMC") had non-performing loans which included interbank and money market items as follows:

Unit: Million Baht			
June 30, 2017			
	The Bank	AMC	The Bank and AMC
Non-performing loans	29,078	510	29,588
Percentage of total loans	1.92	100.00	1.95
Non-performing loans, net	13,074	343	13,417
Percentage of total loans, net	0.87	100.00	0.90

Unit: Million Baht			
December 31, 2016			
	The Bank	AMC	The Bank and AMC
Non-performing loans	26,992	541	27,533
Percentage of total loans	1.84	100.00	1.88
Non-performing loans, net	13,300	359	13,659
Percentage of total loans, net	0.92	100.00	0.94

As at June 30, 2017 and December 31, 2016, the Bank and its subsidiaries' non-performing loans are Baht 36,506 million and Baht 34,834 million, respectively.

(5) Troubled debt restructuring

For the three-month and six-month periods ended June 30, 2017 and 2016, the Bank and its subsidiaries had restructured the following debts:

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2017				For the three-month period ended June 30, 2016			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	5,590	3,763	-	-	4,966	1,404	-	-
Reduction of principal and interest	1,661	86	-	-	1,447	77	-	-
Various forms of restructuring	256	3,701	-	-	204	955	-	-
Total	7,507	7,550		-	6,617	2,436		-

Unit: Million Baht								
CONSOLIDATED FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2017				For the six-month period ended June 30, 2016			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	11,758	4,776	-	-	10,241	2,255	-	-
Reduction of principal and interest	3,542	177	-	-	3,324	169	-	-
Various forms of restructuring	496	4,671	-	-	386	3,828	-	-
Total	15,796	9,624		-	13,951	6,252		-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the three-month period ended June 30, 2017				For the three-month period ended June 30, 2016			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	445	3,388	-	-	127	763	-	-
Reduction of principal and interest	-	-	-	-	-	-	-	-
Various forms of Restructuring	253	3,700	-	-	204	954	-	-
Total	698	7,088		-	331	1,717		-

Unit : Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Form of Restructuring	For the six-month period ended June 30, 2017				For the six-month period ended June 30, 2016			
	Number	Amount	Type of Assets	Fair Value	Number	Amount	Type of Assets	Fair Value
	of Debtors	of Debt Before Restructuring	Acquired		of Debtors	of Debt Before Restructuring	Acquired	
Modification of terms	1,249	3,989	-	-	280	1,214	-	-
Reduction of principal and interest	-	-	-	-	-	-	-	-
Various forms of restructuring	493	4,669	-	-	386	3,828	-	-
Total	1,742	8,658		-	666	5,042		-

For the six-month periods ended June 30, 2017 and 2016, the Bank and its subsidiaries calculated the net realizable value for the trouble debt restructured by the modification of terms using the present value of future cash flows under the restructured loan agreement, discounted by the market rate, together with the fair value of collateral as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
Method	For the six-month period ended June 30, 2017				For the six-month period ended June 30, 2016			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)	of Debtors	Before Restructuring	After Restructuring	Aging (Year)	of Debtors	Before Restructuring	After Restructuring
Present value of future cash flows	4.70	11,497	4,031	4,024	4.68	9,929	1,085	1,102
Fair value of collateral	8.39	261	745	745	9.29	312	1,170	1,170

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
Method	For the six-month period ended June 30, 2017				For the six-month period ended June 30, 2016			
	Average	Number	Amount of Debt		Average	Number	Amount of Debt	
	Aging (Year)	of Debtors	Before Restructuring	After Restructuring	Aging (Year)	of Debtors	Before Restructuring	After Restructuring
Present value of future cash flows	4.70	1,026	3,248	3,242	6.78	8	47	47
Fair value of collateral	9.82	223	741	741	10.65	272	1,167	1,167

For the three-month and six-month periods ended June 30, 2017 and 2016, the Bank and its subsidiaries recognized losses on debt restructured and interest received from debt restructured in the statements of profit or loss and other comprehensive income as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2017	2016	2017	2016
Losses on debt restructured (reversal)	365	314	3	(26)
Interest received from debt restructured	227	198	168	132

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2017	2016	2017	2016
Losses on debt restructured (reversal)	757	373	12	(40)
Interest received from debt restructured	496	461	315	262

As at June 30, 2017 and December 31, 2016, the Bank and its subsidiaries recorded balances of total debt restructured and debt restructured during the six-month period ended June 30, 2017 and during the year ended December 31, 2016, in the statements of financial position as follows:

	CONSOLIDATED FINANCIAL STATEMENTS June 30, 2017		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS June 30, 2017	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Balances of total debt restructured	20,580	19,541	15,771	14,803
Balances of debt restructured during the periods/years	9,090	11,976	8,340	9,880

(6) Lease receivables (Included hire-purchase receivables and finance lease)

	CONSOLIDATED FINANCIAL STATEMENTS June 30, 2017			
	Within 1 Year	Amount due per agreements Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	96,527	216,887	70,764	384,178
<u>Less</u> Unearned interest income				(62,719)
Present value of the minimum lease payments				321,459
<u>Less</u> Allowance for doubtful accounts				(12,344)
Total lease receivables, net				<u>309,115</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

	Within 1 Year	Amount due per agreements Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	94,225	204,456	59,776	358,457
<u>Less</u> Unearned interest income				<u>(57,293)</u>
Present value of the minimum lease payments				301,164
<u>Less</u> Allowance for doubtful accounts				<u>(11,874)</u>
Total lease receivables, net				<u>289,290</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2017

	Within 1 Year	Amount due per agreements Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	50,659	158,977	62,620	272,256
<u>Less</u> Unearned interest income				<u>(42,912)</u>
Present value of the minimum lease payments				229,344
<u>Less</u> Allowance for doubtful accounts				<u>(6,099)</u>
Total lease receivables, net				<u>223,245</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2016

	Within 1 Year	Amount due per agreements Greater than 1-5 Years	Greater than 5 Years	Total
Minimum lease payments	42,952	139,794	52,722	235,468
<u>Less</u> Unearned interest income				<u>(36,619)</u>
Present value of the minimum lease payments				198,849
<u>Less</u> Allowance for doubtful accounts				<u>(5,220)</u>
Total lease receivables, net				<u>193,629</u>

7.7 Allowance for doubtful accounts

Allowance for doubtful accounts as at June 30, 2017 and December 31, 2016 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
June 30, 2017							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	10,426	3,100	7,254	2,388	9,050	16,056	48,274
Doubtful accounts (reversal)	550	209	2,273	1,757	5,206	36	10,031
Bad debts written off	(46)	(245)	(3,136)	(1,634)	(1,965)	-	(7,026)
Bad debts written off from sales of NPLs	(3)	-	-	(4)	(425)	-	(432)
Other	(4)	-	(2)	(2)	(1)	(7)	(16)
Ending balance	10,923	3,064	6,389	2,505	11,865	16,085	50,831

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2016							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	9,204	3,802	6,255	4,271	6,346	13,340	43,218
Items arising from business combination	143	-	26	12	6	18	205
Doubtful accounts (reversal)	1,256	(281)	6,356	1,125	9,277	2,727	20,460
Bad debts written off	(177)	(421)	(5,383)	(2,996)	(5,809)	(28)	(14,814)
Bad debts written off from sales of NPLs	-	-	-	(24)	(770)	-	(794)
Other	-	-	-	-	-	(1)	(1)
Ending balance	10,426	3,100	7,254	2,388	9,050	16,056	48,274

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS							
June 30, 2017							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	9,378	2,157	4,819	2,035	6,837	7,422	32,648
Doubtful accounts	477	295	(93)	1,731	3,879	113	6,402
Bad debts written off	(46)	(245)	(531)	(1,632)	(612)	-	(3,066)
Bad debts written off from sales of NPLs	(3)	-	-	(4)	(425)	-	(432)
Other	-	-	-	-	-	(2)	(2)
Ending balance	9,806	2,207	4,195	2,130	9,679	7,533	35,550

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS							
December 31, 2016							
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Surplus Reserve	Total
Beginning balance	8,462	2,537	3,750	3,574	2,726	5,238	26,287
Doubtful accounts	1,092	41	1,499	1,482	5,683	2,185	11,982
Bad debts written off	(176)	(421)	(430)	(2,997)	(802)	-	(4,826)
Bad debts written off from							
sales of NPLs	-	-	-	(24)	(770)	-	(794)
Other	-	-	-	-	-	(1)	(1)
Ending balance	<u>9,378</u>	<u>2,157</u>	<u>4,819</u>	<u>2,035</u>	<u>6,837</u>	<u>7,422</u>	<u>32,648</u>

As at June 30, 2017 and December 31, 2016, the Bank and its subsidiaries estimated the minimum total allowance under the BOT Guidelines as follows:

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Allowance for doubtful accounts*	36,339	28,390	25,692

* Such allowance for doubtful accounts consists of allowance for doubtful accounts for loans to customers and accrued interest receivables, allowance for doubtful accounts for interbank and money market items and revaluation allowance for debt restructuring.

The Bank and its subsidiaries recorded allowance for doubtful accounts* in the financial statements as follows:

	Unit: Million Baht
	June 30, 2017
	December 31, 2016
Consolidated financial statements	52,425
The Bank and Krungsri Ayudhya AMC Limited	36,248
The Bank's financial statements	35,923

* Such allowance for doubtful accounts consists of allowance for doubtful accounts for loans to customers and accrued interest receivables, allowance for doubtful accounts for interbank and money market items and revaluation allowance for debt restructuring.

As at June 30, 2017 and December 31, 2016, the Bank and its subsidiaries had loans to customers and accrued interest receivables to companies which have certain problems in financial position and result of operations as defined in the Guideline of SET dated July 8, 1998 regarding the Quality of Assets and Transactions with Related Parties and the allowance for doubtful accounts for such loans as follows:

Unit: Million Baht			
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
June 30, 2017			
	Number	Outstanding Balance	Collateral
			Allowance for Doubtful Accounts
Companies subject to be delisted by SET	4	2,251	673
Total	<u>4</u>	<u>2,251</u>	<u>673</u>

Unit: Million Baht			
CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS			
December 31, 2016			
Number	Outstanding Balance	Collateral	Allowance for Doubtful Accounts
Companies subject to be delisted by SET	2	2,220	623
Total	2	2,220	623
			1,595
			1,595

7.8 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring as at June 30, 2017 and December 31, 2016 are as follows:

Unit: Million Baht		Unit: Million Baht	
CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Beginning balance	1,188	1,726	28
Increase (decrease) during the periods / years	757	786	12
Amount written off	(685)	(1,324)	(1)
Ending balance	1,260	1,188	39
			28

7.9 Properties for sale, net

Properties for sale, net as at June 30, 2017 and December 31, 2016 are as follows:

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS			
Type of Properties For Sale	Balance as at January 1, 2017	Acquisition	Disposition
			Balance as at June 30, 2017
1. Assets acquired from debt repayment			
1.1 Immovable	4,750	20	(289)
1.2 Movable	763	3,533	(3,575)
Total	5,513	3,553	(3,864)
2. Others	89	-	(22)
Total properties for sale	5,602	3,553	(3,886)
Less Provision for impairment	(1,346)	(624)	636
Total properties for sale	4,256	2,929	(3,250)
			3,935

Unit: Million Baht

Type of Properties For Sale	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at January 1, 2016	Acquisition	Disposition	Balance as at December 31, 2016
1. Assets acquired from debt repayment				
1.1 Immovable	5,468	32	(750)	4,750
1.2 Movable	744	7,710	(7,691)	763
Total	6,212	7,742	(8,441)	5,513
2. Others	131	34	(76)	89
Total properties for sale	6,343	7,776	(8,517)	5,602
<u>Less</u> Provision for impairment	(1,293)	(1,608)	1,555	(1,346)
Total properties for sale	5,050	6,168	(6,962)	4,256

Unit: Million Baht

Type of Properties For Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2017	Acquisition	Disposition	Balance as at June 30, 2017
1. Assets acquired from debt repayment				
1.1 Immovable	2,760	12	(148)	2,624
1.2 Movable	337	2,229	(2,149)	417
Total	3,097	2,241	(2,297)	3,041
2. Others	90	-	(23)	67
Total properties for sale	3,187	2,241	(2,320)	3,108
<u>Less</u> Provision for impairment	(799)	(93)	27	(865)
Total properties for sale	2,388	2,148	(2,293)	2,243

Unit: Million Baht

Type of Properties For Sale	THE BANK'S FINANCIAL STATEMENTS			
	Balance as at January 1, 2016	Acquisition	Disposition	Balance as at December 31, 2016
1. Assets acquired from debt repayment				
1.1 Immovable	3,192	30	(462)	2,760
1.2 Movable	275	4,221	(4,159)	337
Total	3,467	4,251	(4,621)	3,097
2. Others	131	-	(41)	90
Total properties for sale	3,598	4,251	(4,662)	3,187
<u>Less</u> Provision for impairment	(741)	(179)	121	(799)
Total properties for sale	2,857	4,072	(4,541)	2,388

Immovable assets for sale classified by external and internal appraisers as at June 30, 2017 and December 31, 2016 consist of the following:

Unit: Million Baht

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Immovable assets-Foreclosed assets				
Appraised by external appraisers	1,498	1,498	1,444	1,444
Appraised by internal appraisers	2,983	3,252	1,180	1,316
Total	4,481	4,750	2,624	2,760

7.10 Premises and equipment, net

Premises and equipment, net as at June 30, 2017 and December 31, 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				Unit: Million Baht
	Balance as at January 1, 2017	Increase	Decrease	Other	Balance as at June 30, 2017
Land					
Cost	4,307	-	-	-	4,307
Appraisal increase (Year 2016)	7,102	-	-	-	7,102
Appraisal decrease (Year 2016)	(37)	-	-	-	(37)
Premises					
Cost	7,344	93	(2)	-	7,435
Appraisal increase (Year 2016)	11,649	-	-	-	11,649
Appraisal decrease (Year 2016)	(86)	-	-	-	(86)
Equipment	15,859	332	(458)	(21)	15,712
Leasehold improvement	3,582	176	(25)	(3)	3,730
Total	49,720	601	(485)	(24)	49,812
Less Accumulated depreciation					
Premises					
- Cost	(4,013)	(165)	-	-	(4,178)
- Appraisal increase (Year 2016)	(8,221)	(161)	-	-	(8,382)
Equipment	(10,905)	(757)	403	13	(11,246)
Leasehold improvement	(2,074)	(225)	15	2	(2,282)
Total	(25,213)	(1,308)	418	15	(26,088)
Construction in progress	714	822	(99)	-	1,437
Premises and equipment, net	25,221				25,161
					Unit: Million Baht
					June 30, 2017 June 30, 2016
Depreciation for the six-month periods					1,308 1,009

CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2016	Balance of Subsidiary as at Purchase Date	Increase	Decrease	Other	Balance as at December 31, 2016
Unit: Million Baht						
Land						
Cost	4,286	-	21	-	-	4,307
Appraisal increase (Year 2016)	5,174	-	1,928	-	-	7,102
Appraisal decrease (Year 2016)	(78)	-	-	41	-	(37)
Premises						
Cost	7,104	-	278	(38)	-	7,344
Appraisal increase (Year 2016)	7,708	-	4,039	(98)	-	11,649
Appraisal decrease (Year 2016)	(134)	-	-	48	-	(86)
Equipment	14,235	366	2,090	(1,077)	245	15,859
Leasehold improvement	3,096	49	506	(70)	1	3,582
Total	41,391	415	8,862	(1,194)	246	49,720
Less Accumulated depreciation						
Premises						
- Cost	(3,736)	-	(300)	23	-	(4,013)
- Appraisal increase (Year 2016)	(5,077)	-	(3,218)	74	-	(8,221)
Equipment	(10,108)	(220)	(1,354)	1,018	(241)	(10,905)
Leasehold improvement	(1,747)	(29)	(348)	51	(1)	(2,074)
Total	(20,668)	(249)	(5,220)	1,166	(242)	(25,213)
Construction in progress	270	1	592	(149)	-	714
Premises and equipment, net	20,993					25,221

Unit: Million Baht
December 31, 2016

Depreciation for the year

2,301

As at June 30, 2017 and December 31, 2016, the Bank and its subsidiaries had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 11,347 million and Baht 8,625 million, respectively.

As at June 30, 2017 and December 31, 2016, the Bank and its subsidiaries had equipments which are under finance leases, with the original costs amounting to Baht 464 million and Baht 463 million, respectively.

Land and premises of the Bank its subsidiaries was revalued in 2016 by the independent professional qualified appraisers. The basis of valuation for land and premises are market value and depreciated replacement cost. The fair value of land and premises are determined as level 3 hierarchy.

Unit: Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2017	Increase	Decrease	Other	Balance as at June 30, 2017
Land					
Cost	4,307	-	-	-	4,307
Appraisal increase (Year 2016)	7,102	-	-	-	7,102
Appraisal decrease (Year 2016)	(37)	-	-	-	(37)
Premises					
Cost	7,344	93	(2)	-	7,435
Appraisal increase (Year 2016)	11,649	-	-	-	11,649
Appraisal decrease (Year 2016)	(86)	-	-	-	(86)
Equipment	11,914	180	(349)	-	11,745
Leasehold improvement	2,230	120	(23)	-	2,327
Total	44,423	393	(374)	-	44,442
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(4,013)	(165)	-	-	(4,178)
- Appraisal increase (Year 2016)	(8,222)	(161)	-	-	(8,383)
Equipment	(8,595)	(547)	322	-	(8,820)
Leasehold improvement	(961)	(146)	12	-	(1,095)
Total	(21,791)	(1,019)	334	-	(22,476)
Construction in progress	695	805	(88)	-	1,412
Premises and equipment, net	23,327				23,378

Unit: Million Baht		
	June 30, 2017	June 30, 2016
Depreciation for the six-month periods	1,019	771

Unit: Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
	Balance as at January 1, 2016	Increase	Decrease	Other	Balance as at December 31, 2016
Land					
Cost	4,286	21	-	-	4,307
Appraisal increase (Year 2016)	5,174	1,928	-	-	7,102
Appraisal decrease (Year 2016)	(78)	-	41	-	(37)
Premises					
Cost	7,066	278	-	-	7,344
Appraisal increase (Year 2016)	7,610	4,039	-	-	11,649
Appraisal decrease (Year 2016)	(134)	-	48	-	(86)
Equipment	10,926	1,612	(857)	233	11,914
Leasehold improvement	1,920	337	(27)	-	2,230
Total	36,770	8,215	(795)	233	44,423
<u>Less</u> Accumulated depreciation					
Premises					
- Cost	(3,713)	(300)	-	-	(4,013)
- Appraisal increase (Year 2016)	(5,004)	(3,218)	-	-	(8,222)
Equipment	(8,225)	(992)	855	(233)	(8,595)
Leasehold improvement	(774)	(204)	17	-	(961)
Total	(17,716)	(4,714)	872	(233)	(21,791)
Construction in progress	266	575	(146)	-	695
Premises and equipment, net	19,320				23,327

Unit: Million Baht	
	December 31, 2016
Depreciation for the year	1,795

As at June 30, 2017 and December 31, 2016, the Bank had premises and equipment which were fully depreciated but still in use, with the original costs amounting to Baht 8,903 million and Baht 6,340 million, respectively.

As at June 30, 2017 and December 31, 2016, the Bank had equipments which are under finance leases, with the original costs amounting to Baht 445 million and Baht 444 million, respectively.

7.11 Goodwill and other intangible assets, net

Goodwill and other intangible assets, net as at June 30, 2017 and December 31, 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS				Unit: Million Baht
	Balance as at January 1, 2017	Increase	Decrease	Other	Balance as at June 30, 2017
Cost					
Goodwill	12,470	330	-	(138)	12,662
Software	8,347	386	(13)	(5)	8,715
Other intangible assets	5,763	3	-	(8)	5,758
Total	26,580	719	(13)	(151)	27,135
Accumulated amortization					
Software	(5,252)	(530)	4	4	(5,774)
Other intangible assets	(4,609)	(78)	2	-	(4,685)
Total	(9,861)	(608)	6	4	(10,459)
Allowance for impairment	(20)	-	-	-	(20)
Goodwill and other intangible assets, net	<u>16,699</u>				<u>16,656</u>
					Unit: Million Baht
					June 30, 2017
					June 30, 2016
Amortization for the six-month periods					608
					598

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	Balance as at January 1, 2016	Balance of Subsidiary as at Purchase Date	Increase	Decrease	Other	Balance as at December 31, 2016
Cost						
Goodwill	9,947	2,477	-	-	46	12,470
Software	7,396	95	887	(34)	3	8,347
Other intangible assets	5,596	161	1	-	5	5,763
Total	22,939	2,733	888	(34)	54	26,580
Accumulated amortization						
Software	(4,171)	(70)	(1,042)	33	(2)	(5,252)
Other intangible assets	(4,271)	-	(338)	-	-	(4,609)
Total	(8,442)	(70)	(1,380)	33	(2)	(9,861)
Allowance for impairment	(20)	-	-	-	-	(20)
Goodwill and other intangible assets, net	14,477					16,699
Unit: Million Baht						
December 31, 2016						
Amortization for the year						1,380

As at June 30, 2017 and December 31, 2016, the Bank and its subsidiaries had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 2,568 million and Baht 2,299 million, respectively.

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2017	Increase	Decrease	Balance as at June 30, 2017
Cost				
Goodwill	1,054	-	-	1,054
Software	6,929	294	(10)	7,213
Other intangible assets	57	-	-	57
Total	8,040	294	(10)	8,324
Accumulated amortization				
Software	(4,409)	(452)	4	(4,857)
Other intangible assets	(46)	-	-	(46)
Total	(4,455)	(452)	4	(4,903)
Goodwill and other intangible assets, net	3,585			3,421
Unit: Million Baht				
June 30, 2017 June 30, 2016				
Amortization for the six-month periods			452	376

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance as at January 1, 2016	Increase	Decrease	Balance as at December 31, 2016
Cost				
Goodwill	1,054	-	-	1,054
Software	6,254	675	-	6,929
Other intangible assets	57	-	-	57
Total	<u>7,365</u>	<u>675</u>	<u>-</u>	<u>8,040</u>
Accumulated amortization				
Software	(3,497)	(912)	-	(4,409)
Other intangible assets	(36)	(10)	-	(46)
Total	<u>(3,533)</u>	<u>(922)</u>	<u>-</u>	<u>(4,455)</u>
Goodwill and other intangible assets, net	<u>3,832</u>			<u>3,585</u>

Unit: Million Baht
December 31, 2016

Amortization for the year

922

As at June 30, 2017 and December 31, 2016, the Bank had intangible assets which were fully amortized but still in use, with the original costs amounting to Baht 2,060 million and Baht 1,855 million, respectively.

7.12 Deferred tax

Deferred tax assets and deferred tax liabilities as at June 30, 2017 and December 31, 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Deferred tax assets	4,694	4,714	-	-
Deferred tax liabilities	(256)	(457)	(220)	(294)
Net	<u>4,438</u>	<u>4,257</u>	<u>(220)</u>	<u>(294)</u>

Movements of deferred tax assets and deferred tax liabilities during the periods/years are as follows:

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2017	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Others	Balance at June 30, 2017
Deferred tax assets					
Impairment of assets	343	17	-	-	360
Loans and accrued interest receivables, net	5,592	115	-	-	5,707
Provisions	1,515	132	-	-	1,647
Others	463	(226)	51	9	297
Total	<u>7,913</u>	<u>38</u>	<u>51</u>	<u>9</u>	<u>8,011</u>
Deferred tax liabilities					
Asset appraisal surplus	2,178	(32)	-	-	2,146
Investments	76	-	38	-	114
Others	1,402	25	-	(114)	1,313
Total	<u>3,656</u>	<u>(7)</u>	<u>38</u>	<u>(114)</u>	<u>3,573</u>
Deferred tax assets - net	<u>4,257</u>	<u>45</u>	<u>13</u>	<u>123</u>	<u>4,438</u>

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS					
	Balance at January 1, 2016	Balance of Subsidiary as at Purchase Date	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Others	Balance at December 31, 2016
Deferred tax assets						
Impairment of assets	350	-	(7)	-	-	343
Loans and accrued interest receivables, net	5,743	34	(185)	-	-	5,592
Provisions	1,390	-	116	9	-	1,515
Others	773	44	(305)	(49)	-	463
Total	<u>8,256</u>	<u>78</u>	<u>(381)</u>	<u>(40)</u>	<u>-</u>	<u>7,913</u>
Deferred tax liabilities						
Asset appraisal surplus	1,634	-	(65)	609	-	2,178
Investments	174	-	-	(98)	-	76
Others	1,111	223	42	26	-	1,402
Total	<u>2,919</u>	<u>223</u>	<u>(23)</u>	<u>537</u>	<u>-</u>	<u>3,656</u>
Deferred tax assets - net	<u>5,337</u>	<u>(145)</u>	<u>(358)</u>	<u>(577)</u>	<u>-</u>	<u>4,257</u>

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2017	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Balance at June 30, 2017
Deferred tax assets				
Impairment of assets	233	18	-	251
Loans and accrued interest receivables, net	977	69	-	1,046
Provisions	1,277	117	-	1,394
Others	193	1	(2)	192
Total	<u>2,680</u>	<u>205</u>	<u>(2)</u>	<u>2,883</u>
Deferred tax liabilities				
Asset appraisal surplus	2,105	(32)	-	2,073
Investments	198	-	36	234
Others	671	125	-	796
Total	<u>2,974</u>	<u>93</u>	<u>36</u>	<u>3,103</u>
Deferred tax assets (liabilities) - net	<u>(294)</u>	<u>112</u>	<u>(38)</u>	<u>(220)</u>

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2016	Items as recognized into Profit or Loss	Items as recognized into Other Comprehensive Income	Balance at December 31, 2016
Deferred tax assets				
Impairment of assets	206	27	-	233
Loans and accrued interest receivables, net	1,401	(424)	-	977
Provisions	1,194	97	(14)	1,277
Others	244	(1)	(50)	193
Total	<u>3,045</u>	<u>(301)</u>	<u>(64)</u>	<u>2,680</u>
Deferred tax liabilities				
Asset appraisal surplus	1,556	(60)	609	2,105
Investments	296	-	(98)	198
Others	490	181	-	671
Total	<u>2,342</u>	<u>121</u>	<u>511</u>	<u>2,974</u>
Deferred tax assets (liabilities) - net	<u>703</u>	<u>(422)</u>	<u>(575)</u>	<u>(294)</u>

7.13 Other assets, net

Other assets, net as at June 30, 2017 and December 31, 2016 are as follows:

Unit: Million Baht				
		CONSOLIDATED	THE BANK'S	
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Accrued income	1,337	1,733	300	314
Prepayment	1,702	1,809	1,090	1,306
Other receivables	8,208	9,391	5,199	6,737
Margin call to counterparty	2,945	1,019	2,945	1,019
Others	1,729	1,450	1,837	1,256
Total	<u>15,921</u>	<u>15,402</u>	<u>11,371</u>	<u>10,632</u>

7.14 Deposits

Deposits as at June 30, 2017 and December 31, 2016 are as follows:

(1) Classified by product

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Current deposit	31,033	33,173	31,985	34,293
Savings deposit	549,513	550,757	552,479	553,394
Time deposit				
- Less than 6 months	239,189	188,335	239,423	188,774
- 6 months and less than 1 year	267,833	260,313	259,176	251,016
- 1 year and over	75,744	75,710	75,361	75,437
Total	<u>1,163,312</u>	<u>1,108,288</u>	<u>1,158,424</u>	<u>1,102,914</u>

(2) Classified by currency and residence of depositors

	CONSOLIDATED FINANCIAL STATEMENTS			Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS		
	June 30, 2017			December 31, 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,091,980	1,985	1,093,965	1,038,089	1,945	1,040,034
US Dollar	42,335	12,361	54,696	41,889	11,978	53,867
Other currencies	9,521	5,130	14,651	8,524	5,863	14,387
Total	<u>1,143,836</u>	<u>19,476</u>	<u>1,163,312</u>	<u>1,088,502</u>	<u>19,786</u>	<u>1,108,288</u>

	THE BANK'S FINANCIAL STATEMENTS			Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS		
	June 30, 2017			December 31, 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,099,489	1,631	1,101,120	1,045,442	1,591	1,047,033
US Dollar	42,335	1,536	43,871	41,889	1,349	43,238
Other currencies	9,521	3,912	13,433	8,524	4,119	12,643
Total	<u>1,151,345</u>	<u>7,079</u>	<u>1,158,424</u>	<u>1,095,855</u>	<u>7,059</u>	<u>1,102,914</u>

7.15 Interbank and money market items, net (Liability)

Interbank and money market items, net (liability) as June 30, 2017 and December 31, 2016 are as follows:

Unit: Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
June 30, 2017			December 31, 2016			
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	2,928	2,928	-	3,506	3,506
Commercial banks	770	49,900	50,670	614	56,140	56,754
Specialized financial institutions	1	7,798	7,799	8	8,986	8,994
Other financial institutions	5,791	1,696	7,487	6,807	660	7,467
Total domestic items	6,562	62,322	68,884	7,429	69,292	76,721
Foreign items						
US Dollar	20	187,058	187,078	4,817	231,825	236,642
Yen	-	-	-	-	-	-
Euro	-	-	-	21	-	21
Other currencies	919	-	919	1,014	2	1,016
Total foreign items	939	187,058	187,997	5,852	231,827	237,679
Total domestic and foreign items	7,501	249,380	256,881	13,281	301,119	314,400

Unit: Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
June 30, 2017			December 31, 2016			
	At Call	Time	Total	At Call	Time	Total
Domestic items						
Bank of Thailand and Financial Institution Development Fund	-	2,928	2,928	-	3,506	3,506
Commercial banks	770	49,900	50,670	614	56,140	56,754
Specialized financial institutions	1	7,798	7,799	8	8,986	8,994
Other financial institutions	9,921	1,697	11,618	10,600	661	11,261
Total domestic items	10,692	62,323	73,015	11,222	69,293	80,515
Foreign items						
US Dollar	20	186,904	186,924	4,817	231,116	235,933
Yen	-	-	-	-	-	-
Euro	-	-	-	21	-	21
Other currencies	919	-	919	1,014	-	1,014
Total foreign items	939	186,904	187,843	5,852	231,116	236,968
Total domestic and foreign items	11,631	249,227	260,858	17,074	300,409	317,483

Additional information on interbank and money market items, net (liability) is as follows:

As at June 30, 2017 and December 31, 2016, the outstanding balances of borrowing from the Bank of Thailand is Baht 2,928 million and Baht 3,506 million, respectively bearing an interest rate at 0.01% per annum. The borrowing is restricted to a soft loan program for flood relief in year 2011 provided to small and medium enterprises (SME) and individuals at a rate not over 3% per annum. The soft loan program duration is 5 years and will end on December 31, 2018.

7.16 Debt issued and borrowings

Debt issued and borrowings as at June 30, 2017 and December 31, 2016 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	Domestic	June 30, 2017		December 31, 2016		
					Foreign	Total	Domestic	Foreign	Total
Subordinated									
debentures	THB	3.50 - 4.70	2022-2027	41,851	-	41,851	24,844	-	24,844
	USD	7.50 - 10.85	2019-2027	-	856	856	-	907	907
Senior securities	THB	1.85 - 4.50	2017-2020	91,175	-	91,175	89,275	-	89,275
Bill of exchange	THB	0.80 - 1.24	2017	35,967	-	35,967	41,817	-	41,817
Other borrowings	THB	0.00 - 9.30	2017-2023	3	339	342	7	339	346
	USD	0.00 - 7.59	2017-2023	-	2,850	2,850	-	3,037	3,037
	KHR	10.25 - 11.80	2017-2018	-	81	81	-	100	100
				<u>168,996</u>	<u>4,126</u>	<u>173,122</u>	<u>155,943</u>	<u>4,383</u>	<u>160,326</u>

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS									
	Currency	Interest rate (%)	Maturity	Domestic	June 30, 2017		December 31, 2016		
					Foreign	Total	Domestic	Foreign	Total
Subordinated									
debentures	THB	3.50 - 4.70	2022-2027	41,851	-	41,851	24,844	-	24,844
Senior securities	THB	1.86 - 2.89	2017-2020	68,000	-	68,000	67,500	-	67,500
Bill of exchange	THB	0.80 - 1.24	2017	35,967	-	35,967	41,568	-	41,568
Other borrowings	THB	0.00 - 0.50	2017-2023	3	-	3	7	-	7
				<u>145,821</u>	<u>-</u>	<u>145,821</u>	<u>133,919</u>	<u>-</u>	<u>133,919</u>

Additional information on debts issued and borrowings is as follows:

- On November 7, 2012, the Bank issued subordinated debentures No. 1/2012 in the amount of Baht 14,844 million for a 10-year tenor at the fixed interest rate of 4.7% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem subordinated debentures on the fifth anniversary of the issued date or on any interest payment date after the fifth anniversary subject to the approval of the BOT.
- On August 11, 2016, the Bank issued subordinated debentures No. 1/2016 in amount of Baht 10,000 million for a 10-year and 6-month tenor at the fixed interest rate of 3.5% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem subordinated debentures on any interest payment date after the fifth anniversary subject to the approval of the BOT.
- On May 24, 2017, the Bank issued subordinated debentures No. 1/2017 in amount of Baht 17,007 million for a 10-year and 6-month tenor at the fixed interest rate of 3.9% per annum, payable quarterly in February, May, August and November of each year. The Bank has the right to redeem subordinated debentures on any interest payment date after the fifth anniversary subject to the approval of the BOT.

7.17 Provisions

Provisions for the six-month period ended June 30, 2017 and for the year ended December 31, 2016 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
	Balance at January 1, 2016	Increase (Decrease)	Balance at December 31, 2016	Increase (Decrease) Balance at June 30, 2017
Provision for post-employment benefits obligation	4,751	490	5,241	264
Others	2,008	84	2,092	341
Total	6,759	574	7,333	605

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
	Balance at January 1, 2016	Increase (Decrease)	Balance at December 31, 2016	Increase (Decrease) Balance at June 30, 2017
Provision for post-employment benefits obligation	4,157	323	4,480	204
Others	1,981	(5)	1,976	319
Total	6,138	318	6,456	523

Post-employment benefits obligation

The Bank and its subsidiaries operate post-employment benefits plans under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans. These plans are recognized as provision in the statement of financial position.

Movements in the present value of the defined benefits obligation for the six-month periods ended June 30, 2017 and 2016 are as follows:

Unit: Million Baht			
CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2017	2016	
Opening defined benefits obligation	5,241	4,751	4,480
Current service cost	223	201	172
Interest cost	82	78	70
Benefit paid	(41)	(35)	(38)
Closing defined benefit obligation	5,505	4,995	4,684

Actuarial (gains) losses are recognized in other comprehensive income as at June 30, 2017 and December 31, 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Included in the retained earnings	<u>695</u>	<u>695</u>	<u>461</u>	<u>461</u>

Amounts recognized in the statements of profit or loss and other comprehensive income in respect of the defined benefit plans for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2017	2016	2017	2016
Current service cost	112	101	86	83
Interest on obligation	<u>41</u>	<u>39</u>	<u>35</u>	<u>34</u>
	<u>153</u>	<u>140</u>	<u>121</u>	<u>117</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2017	2016	2017	2016
Current service cost	223	201	172	165
Interest on obligation	<u>82</u>	<u>78</u>	<u>70</u>	<u>68</u>
	<u>305</u>	<u>279</u>	<u>242</u>	<u>233</u>

The principal actuarial assumptions used to calculate the obligation under the defined benefit plans as at June 30, 2017 and December 31, 2016 are as follows:

	CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
Financial assumptions	
Discount rate	3.2%
Salary increase rate	6.0%
Retirement age	55 years and 60 years

Significant Actuarial Assumptions - Impact on increase (decrease) in Defined Benefit Obligation as at June 30, 2017 and December 31, 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Discount rate - 1% increase	(533)	(530)	(431)	(433)
Discount rate - 1% decrease	618	617	495	500
Salary increase rate - 1% increase	1,004	935	878	822
Salary increase rate - 1% decrease	(889)	(830)	(782)	(734)

7.18 Finance lease liabilities

Finance lease liabilities as at June 30, 2017 and December 31, 2016 are as follows:

	Unit: Million Baht CONSOLIDATED FINANCIAL STATEMENTS					
	June 30, 2017			December 31, 2016		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	20	1	21	24	1	25
One year to five years	12	1	13	21	-	21
Total	32	2	34	45	1	46

	Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS					
	June 30, 2017			December 31, 2016		
	Principal	Interest	Payment	Principal	Interest	Payment
Within one year	15	1	16	19	1	20
One year to five years	4	-	4	11	-	11
Total	19	1	20	30	1	31

7.19 Other liabilities

Other liabilities as at June 30, 2017 and December 31, 2016 are as follows:

	Unit : Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Accrued expenses	12,292	12,585	8,598	8,720
Tax payable	3,520	3,298	1,492	1,161
Deposit	4,479	4,514	1,182	1,059
Unearned income from customer loyalty program	2,924	2,814	137	106
Other payables	1,177	2,395	913	1,663
Margin call from counterparty	1,202	9,040	1,202	9,040
Others	8,665	9,833	4,642	5,288
Total	34,259	44,479	18,166	27,037

7.20 Share capital

7.20.1 Legal reserve

Pursuant to the Public Limited Companies Act, the Bank must allocate to a reserve fund from the annual net profit, not less than five percent of the annual net profit deducted by the total accumulated loss brought forward (if any), until the reserve fund reaches an amount not less than ten percent of the registered capital. The reserve fund is not available for dividend distribution.

7.20.2 Dividend payment

The Annual General Meeting of Shareholders No. 104 held on April 28, 2016, approved the dividend payment for the six-month period ended December 31, 2015 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.40 per share totaling Baht 2,942 million with payment date on May 26, 2016.

The Board of Directors' Meeting No. 8/2016 held on August 24, 2016, approved the interim dividend payment for the six-month period ended June 30, 2016 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.40 per share totaling Baht 2,942 million with payment date on September 22, 2016.

The Annual General Meeting of Shareholders No. 105 held on April 27, 2017, approved the dividend payment for the six-month period ended December 31, 2016 to the shareholders of 7,355,761,773 ordinary shares at Baht 0.45 per share totaling Baht 3,310 million with payment date on May 25, 2017.

7.21 Assets with obligations and restrictions

As at June 30, 2017 and December 31, 2016, government and state enterprise securities with book value of Baht 36,149 million and Baht 38,737 million, respectively, are used as collateral for other commitments with government departments and state enterprises.

7.22 Contingencies

Contingencies as at June 30, 2017 and December 31, 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Avals to bills	1,916	1,475	1,916	1,475
Guarantees of loans	79	90	79	90
Liability under unmatured import bills	1,600	1,601	1,600	1,601
Letters of credit	7,113	8,425	7,113	8,425
Other contingencies				
- Unused overdraft limit	6,560	17,903	6,560	17,903
- Unused credit line	34,764	31,968	35,660	31,962
- Other guarantees	60,383	60,038	60,383	60,038
- Others	190	196	190	196
Total	<u>112,605</u>	<u>121,696</u>	<u>113,501</u>	<u>121,690</u>

The Bank and its subsidiaries have entered into a long-term information technology service agreement, which will be expired in 2019 with a local company. As at June 30, 2017 and December 31, 2016, the Bank and its subsidiaries have a commitment to pay in the amounts of Baht 1,417 million and Baht 1,885 million, respectively.

As at June 30, 2017 and December 31, 2016, the Bank has commitments to pay regarding the information technology services the amounts of Baht 2,892 million and Baht 1,496 million, respectively.

As at June 30, 2017 and December 31, 2016, the Bank has commitment payment amount of Baht 1,237 million and Baht 1,479 million as a result of entering to the construction agreement of the office building, respectively.

7.23 Related party transactions

The Bank has business transactions with subsidiaries, joint ventures and related companies. These transactions are with companies that have shareholding and/or major shareholders and/or joint directors with the Bank and with related persons. Such loans to related party have the allowance for doubtful accounts policy which comply with the same BOT regulations as those granted to other debtors.

According to the Bank of Thailand's Notification Sor.Nor.Sor. 8/2560 regarding the "Guideline on Consolidated Supervision" dated April 27, 2017, the Bank is required to disclose the Inter-Group Transactions in the Financial Business Group Policy and the Risk Management for Inter-Group Transactions in the Financial Business Group Policy as follows:

1. The Inter-Group Transactions in the Financial Business Group Policy

The inter-group transactions shall be the same conditions or criteria, including interest rate or service fee charged, as applied when the Bank conducts the transactions with general customers with the same risk level.

2. The Risk Management for Inter-Group Transactions in the Financial Business Group Policy

The Bank manages risk for all inter-group transactions based on the Credit Risk Management for the Financial Business Policy which covers the key credit risk management process, namely credit risk control, credit risk measurement, and credit risk monitoring, in accordance with the Bank's policy and the Bank of Thailand's requirements.

Related party transactions are as follows:

- 7.23.1 Assets, liabilities and contingencies with certain officers from the levels of Bank's Directors, Executive Vice Presidents and higher, and Vice Presidents/equivalent positions and higher in the Finance and Accounting Functions and the companies in which they and/or the Bank directors and/or their related parties and/or the Bank owned and the companies in which the directors and/or shareholders of the Bank have significant voting right either directly and indirectly, as at June 30, 2017 and December 31, 2016 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company												
The Bank of Tokyo-Mitsubishi UFJ Ltd.	15,202	-	-	1,827	1,890	-	187,650	-	3,372	671	361,672	6,919
Total	15,202	-	-	1,827	1,890	-	187,650	-	3,372	671	361,672	6,919
Joint ventures												
Tesco Card Services Limited	-	9,157	21	-	34	362	-	-	-	1	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	130	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	528	-	-	-	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	(92)	-	-	-	-	-	-	-	-	-	-
Total	-	9,065	21	-	34	1,020	-	-	-	1	-	-
Related companies having joint major shareholders or directors	-	6,750	23	399	15	7,966	47	647	68	14	18,726	1,762
<u>Less</u> Allowance for doubtful accounts	-	(65)	-	-	-	-	-	-	-	-	-	-
Total	-	6,685	23	399	15	7,966	47	647	68	14	18,726	1,762
Individual and related parties	-	436	-	-	-	3,137	-	-	-	442	-	-
<u>Less</u> Allowance for doubtful accounts	-	(1)	-	-	-	-	-	-	-	-	-	-
Total	-	435	-	-	-	3,137	-	-	-	442	-	-
Total	15,202	16,185	44	2,226	1,939	12,123	187,697	647	3,440	1,128	380,398	8,681

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2016											
	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company												
The Bank of Tokyo-Mitsubishi UFJ Ltd.	18,243	-	-	3,533	790	-	231,673	-	3,432	507	436,115	7,409
Total	18,243	-	-	3,533	790	-	231,673	-	3,432	507	436,115	7,409
Joint ventures												
Tesco Card Services Limited	-	8,502	24	-	89	288	-	-	-	4	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	126	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	1	554	-	-	-	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	(85)	-	-	-	-	-	-	-	-	-	-
Total	-	8,417	24	-	90	968	-	-	-	4	-	-
Related companies having joint major shareholders or directors	12	18,141	38	200	-	9,585	263	1,094	356	10	28,597	2,170
<u>Less</u> Allowance for doubtful accounts	-	(77)	-	-	-	-	-	-	-	-	-	-
Total	12	18,064	38	200	-	9,585	263	1,094	356	10	28,597	2,170
Individual and related parties	-	469	-	-	-	1,178	-	-	-	396	-	-
<u>Less</u> Allowance for doubtful accounts	-	(1)	-	-	-	-	-	-	-	-	-	-
Total	-	468	-	-	-	1,178	-	-	-	396	-	-
Total	18,255	26,949	62	3,733	880	11,731	231,936	1,094	3,788	917	464,712	9,579

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

June 30, 2017

	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company												
The Bank of Tokyo-Mitsubishi UFJ Ltd.	15,202	-	-	1,827	1,890	-	187,650	-	3,372	671	361,672	6,919
Total	15,202	-	-	1,827	1,890	-	187,650	-	3,372	671	361,672	6,919
Subsidiaries												
Ayudhya Development Leasing Company Limited	-	6,958	1	-	3	8	-	-	-	1	-	44
Ayudhya Capital Auto Lease Public Company	-	24,371	95	-	125	200	-	-	-	101	-	-
Ngern Tid Lor Company Limited	-	5,480	1	-	10	170	-	-	-	-	-	2
Ayudhya Capital Services Company Limited	-	27,937	83	-	51	679	-	-	-	10	-	3
General Card Services Limited	-	8,677	21	-	9	294	-	-	-	-	-	-
Krungsriayudhya Card Company Limited	-	25,359	41	-	163	679	-	-	-	9	-	1
Siam Realty and Services Security Company Limited	-	490	-	-	1	59	-	-	-	35	-	-
Total Services Solutions Public Company Limited	-	-	-	-	1	1,257	-	-	-	9	-	-
Krungsri Asset Management Company Limited	-	-	-	-	74	-	2,604	-	-	2	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	1	1,202	-	-	-	63	-	35
Krungsri Securities Public Company Limited	-	-	-	-	4	2	1,527	-	-	2	-	-
Krungsri Factoring Company Limited	-	-	-	-	-	190	-	-	-	-	-	-
Krungsri Life Assurance Broker Company Limited	-	-	-	-	-	1,033	-	-	-	1	-	-
Krungsri General Insurance Broker Company Limited	-	-	-	-	-	1,536	-	-	-	1	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Krungsri Leasing Services Company Limited	-	2,887	1	-	4	122	-	-	-	-	-	-
Hattha Kaksekar Limited	-	679	4	28	514	-	-	-	-	-	1,835	-
Krungsri Finnovate Company Limited	-	-	-	-	2	200	-	-	-	-	-	-
Total	-	102,838	247	28	962	7,631	4,131	-	-	234	1,835	85
<u>Less</u> Allowance for doubtful accounts	-	(1,028)	-	-	-	-	-	-	-	-	-	-
Total	-	101,810	247	28	962	7,631	4,131	-	-	234	1,835	85
Joint ventures												
Tesco Card Services Limited	-	9,157	21	-	8	362	-	-	-	-	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	130	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	-	528	-	-	-	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	(92)	-	-	-	-	-	-	-	-	-	-
Total	-	9,065	21	-	8	1,020	-	-	-	-	-	-
Related companies having joint major shareholders or directors	-	6,750	23	399	-	7,966	47	647	68	12	18,727	1,762
<u>Less</u> Allowance for doubtful accounts	-	(65)	-	-	-	-	-	-	-	-	-	-
Total	-	6,685	23	399	-	7,966	47	647	68	12	18,727	1,762
Individual and related parties	-	382	-	-	-	2,848	-	-	-	306	-	-
Total	15,202	117,942	291	2,254	2,860	19,465	191,828	647	3,440	1,223	382,234	8,766

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

December 31, 2016

	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Parent company												
The Bank of Tokyo-Mitsubishi UFJ Ltd.	18,243	-	-	3,533	790	-	231,673	-	3,432	507	436,115	7,409
Total	18,243	-	-	3,533	790	-	231,673	-	3,432	507	436,115	7,409
Subsidiaries												
Ayudhya Development Leasing Company Limited	-	5,484	1	-	3	2	-	-	-	1	-	45
Ayudhya Capital Auto Lease Public Company	-	35,857	113	-	118	411	-	-	-	145	-	-
Ngern Tid Lor Company Limited	-	5,055	2	-	11	105	-	-	-	-	-	1
Ayudhya Capital Services Company Limited	-	26,255	79	-	67	996	-	-	-	13	-	3
General Card Services Limited	-	12,506	25	-	53	315	-	-	-	-	-	-
Krungsriayudhya Card Company Limited	-	30,821	47	-	456	864	-	-	-	7	-	1
Siam Realty and Services Security Company Limited	-	555	-	-	1	41	-	-	-	51	-	-
Total Services Solutions Public Company Limited	-	-	-	-	2	1,211	-	-	-	11	-	-
Krungsri Asset Management Company Limited	-	-	-	-	68	-	2,376	-	-	6	-	-
Krungsri Ayudhya AMC Limited	-	-	-	-	5	957	-	-	-	65	-	38
Krungsri Securities Public Company Limited	-	-	-	-	3	3	1,417	-	-	7	136	-
Krungsri Factoring Company Limited	-	-	-	-	1	196	-	-	-	1	-	-
Krungsri Life Assurance Broker Company Limited	-	-	-	-	-	889	-	-	-	1	-	-
Krungsri General Insurance Broker Company Limited	-	-	-	-	-	1,363	-	-	-	1	-	-

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS (CONTINUED)

	December 31, 2016											
	Interbank and money market items (Assets)	Loans	Accrued interest receivables	Derivative assets	Other assets	Deposits	Interbank and money market items (Liabilities)	Borrowings	Derivative liabilities	Other liabilities	Derivative (Notional amount)	Contingencies
Subsidiaries (Continued)												
Krungsri Leasing Services Company Limited	-	1,751	1	-	1	92	-	-	-	-	-	-
Hattha Kaksekar Limited	-	-	-	-	1	-	-	-	-	-	-	-
Total	-	118,284	268	-	790	7,445	3,793	-	-	309	136	88
<u>Less</u> Allowance for doubtful accounts	-	(1,183)	-	-	-	-	-	-	-	-	-	-
Total	-	117,101	268	-	790	7,445	3,793	-	-	309	136	88
Joint ventures												
Tesco Card Services Limited	-	8,502	24	-	31	288	-	-	-	-	-	-
Tesco Life Assurance Broker Limited	-	-	-	-	-	126	-	-	-	-	-	-
Tesco General Insurance Broker Limited	-	-	-	-	1	554	-	-	-	-	-	-
<u>Less</u> Allowance for doubtful accounts	-	(85)	-	-	-	-	-	-	-	-	-	-
Total	-	8,417	24	-	32	968	-	-	-	-	-	-
Related companies having joint major shareholders or directors	12	18,141	38	200	-	9,585	263	1,094	356	10	28,597	2,170
<u>Less</u> Allowance for doubtful accounts	-	(77)	-	-	-	-	-	-	-	-	-	-
Total	12	18,064	38	200	-	9,585	263	1,094	356	10	28,597	2,170
Individual and related parties	-	405	-	-	-	1,178	-	-	-	271	-	-
Total	18,255	143,987	330	3,733	1,612	19,176	235,729	1,094	3,788	1,097	464,848	9,667

As at June 30, 2017 and December 31, 2016, the Bank charges interest rates to related parties at 0.10% - 26.47% p.a. and 0.60% - 23.00% p.a., respectively.

As at June 30, 2017 and December 31, 2016, the allowance for doubtful accounts of loans granted to subsidiaries of Baht 1,028 million and Baht 1,183 million, respectively, are not eliminated but treated as surplus reserve in the consolidated financial statements.

7.23.2 The Bank has investments in subsidiaries and joint ventures as disclosed in Note 7.5 and has investments in related companies as follows:

Unit: Million Baht

CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS							
				June 30, 2017		December 31, 2016	
	Business Type	Registered Share Capital	Ownership (%)	Investment Cost	Dividend Amount	Investment Cost	Dividend Amount
Related company							
Sri Ayudhya Capital Public Company Limited	Investment holding company	250	8.50	326	21	326	43
Less	Allowance for impairment			(5)	-	(5)	-
Investment in related company, net				<u>321</u>	<u>21</u>	<u>321</u>	<u>43</u>

7.23.3 Income and expenses between the Bank and its subsidiaries, joint ventures and related companies for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
For the three-month period ended June 30, 2017				For the three-month period ended June 30, 2016				
Income		Expenses		Income		Expenses		
Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses	
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	(1,228)	721	191	2	(1,093)	483	189
Total	<u>-</u>	<u>(1,228)</u>	<u>721</u>	<u>191</u>	<u>2</u>	<u>(1,093)</u>	<u>483</u>	<u>189</u>
Joint ventures								
Tesco Card Services Limited	58	124	-	1	58	123	-	1
Tesco Life Assurance Broker Company Limited	-	2	-	-	-	1	-	-
Tesco General Insurance Broker Limited	-	6	1	-	-	5	1	-
Total	<u>58</u>	<u>132</u>	<u>1</u>	<u>1</u>	<u>58</u>	<u>129</u>	<u>1</u>	<u>1</u>
Related companies having joint major shareholders or directors								
	64	184	25	101	69	(63)	14	47
Total	<u>64</u>	<u>184</u>	<u>25</u>	<u>101</u>	<u>69</u>	<u>(63)</u>	<u>14</u>	<u>47</u>
Individual and related parties								
	5	1	14	1	3	-	3	-
Total	<u>127</u>	<u>(911)</u>	<u>761</u>	<u>294</u>	<u>132</u>	<u>(1,027)</u>	<u>501</u>	<u>237</u>

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS								
For the six-month period ended June 30, 2017				For the six-month period ended June 30, 2016				
Income		Expenses		Income		Expenses		
Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses	
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	(1,009)	1,423	287	3	(1,265)	942	332
Total	-	(1,009)	1,423	287	3	(1,265)	942	332
Joint ventures								
Tesco Card Services Limited	111	243	-	2	119	242	-	2
Tesco Life Assurance Broker Company Limited	-	3	1	-	-	3	1	-
Tesco General Insurance Broker Limited	-	12	2	-	-	10	2	-
Total	111	258	3	2	119	255	3	2
Related companies having joint major shareholders or directors								
	156	774	48	185	140	194	28	98
Total	156	774	48	185	140	194	28	98
Individual and related parties								
	9	2	16	1	6	1	6	-
Total	276	25	1,490	475	268	(815)	979	432

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
	For the three-month period ended June 30, 2017				For the three-month period ended June 30, 2016			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	(1,228)	721	191	2	(1,093)	483	189
Total	-	(1,228)	721	191	2	(1,093)	483	189
Subsidiaries								
Ayudhya Development Leasing Company Limited	53	4	-	-	27	3	-	-
Ayudhya Capital Auto Lease Public Company Limited	282	160	4	158	555	166	1	116
Ngern Tid Lor Company Limited	48	14	-	-	57	12	-	-
Ayudhya Capital Services Company Limited	186	73	-	8	180	63	-	8
General Card Services Limited	54	18	-	(4)	72	8	-	1
Krungsriayudhya Card Company Limited	153	48	-	46	158	37	-	35
Siam Realty and Services Security Company Limited	3	(2)	-	130	3	(3)	-	128
Total Services Solutions Public Company Limited	-	(11)	5	24	-	1	4	21
Krungsri Asset Management Company Limited	-	212	8	2	-	133	7	1
Krungsri Ayudhya AMC Limited	-	3	-	-	-	3	-	-
Krungsri Securities Public Company Limited	-	5	4	(7)	-	5	4	3
Krungsri Factoring Company Limited	-	1	-	-	-	2	-	-
Krungsri Life Assurance Broker Limited	-	-	3	-	-	-	2	-
Krungsri General Insurance Broker Limited	-	-	4	-	-	-	3	-
Krungsri Leasing Services Company Limited	33	5	-	-	12	-	-	-
Hattha Kaksekar Limited	6	-	-	-	-	-	-	-
Krungsri Finnivate Company Limited	-	2	-	-	-	-	-	-
Total	818	532	28	357	1,064	430	21	313
Joint ventures								
Tesco Card Services Limited	58	7	-	1	58	5	-	-
Tesco General Insurance Broker Limited	-	3	1	-	-	2	1	-
Total	58	10	1	1	58	7	1	-
Related companies having joint major shareholders or directors								
	64	181	25	59	69	(63)	14	47
Total	64	181	25	59	69	(63)	14	47
Individual and related parties								
	3	1	3	-	3	-	2	-
Total	943	(504)	778	608	1,196	(719)	521	549

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS								
	For the six-month period ended June 30, 2017				For the six-month period ended June 30, 2016			
	Income		Expenses		Income		Expenses	
	Interest income	Non-interest income	Interest expenses	Non-interest expenses	Interest income	Non-interest income	Interest expenses	Non-interest expenses
Parent company								
The Bank of Tokyo-Mitsubishi UFJ Ltd.	-	(1,009)	1,423	287	3	(1,265)	942	332
Total	-	(1,009)	1,423	287	3	(1,265)	942	332
Subsidiaries								
Ayudhya Development Leasing Company Limited	100	8	-	-	55	6	-	-
Ayudhya Capital Auto Lease Public Company Limited	610	289	7	291	1,179	308	1	200
Ngern Tid Lor Company Limited	92	29	-	1	118	22	-	1
Ayudhya Capital Services Company Limited	366	144	-	16	366	121	-	22
General Card Services Limited	115	21	-	3	149	17	-	2
Krungsriayudhya Card Company Limited	315	101	-	86	328	83	-	69
Siam Realty and Services Security Company Limited	6	3	-	262	7	1	-	258
Total Services Solutions Public Company Limited	-	1	9	25	-	1	7	44
Krungsri Asset Management Company Limited	-	402	16	3	-	249	7	3
Krungsri Ayudhya AMC Limited	-	5	1	-	-	5	-	-
Krungsri Securities Public Company Limited	-	11	9	3	-	10	7	5
Krungsri Factoring Company Limited	-	3	-	-	-	3	-	-
Krungsri Life Assurance Broker Limited	-	1	5	-	-	-	5	-
Krungsri General Insurance Broker Limited	-	-	7	-	-	1	6	-
Krungsri Leasing Services Company Limited	57	10	-	-	22	-	-	-
Hattha Kaksekar Limited	9	-	-	-	-	-	-	-
Krungsri Finnivate Company Limited	-	2	-	-	-	-	-	-
Total	1,670	1,030	54	690	2,224	827	33	604
Joint ventures								
Tesco Card Services Limited	111	14	-	2	119	11	-	2
Tesco Life Assurance Broker Company Limited	-	-	1	-	-	-	1	-
Tesco General Insurance Broker Limited	-	6	2	-	-	4	2	-
Total	111	20	3	2	119	15	3	2
Related companies having joint major shareholders or directors								
Total	156	771	48	143	140	194	28	98
Individual and related parties	7	2	5	-	5	1	4	-
Total	1,944	814	1,533	1,122	2,491	(228)	1,010	1,036

7.23.4 For the six-month periods ended June 30, 2017 and 2016, related party transactions among subsidiaries included collection services and other services of Baht 477 million and Baht 481 million, respectively, and office and vehicle rental and facilities service of Baht 35 million and Baht 31 million, respectively.

7.23.5 For the six-month periods ended June 30, 2017 and 2016, subsidiaries had related party transactions from the licenses relevant to technology and software for Baht 25 million and Baht 26 million, respectively.

7.23.6 For the six-month periods ended June 30, 2017 and 2016, related party transactions among subsidiaries from other services were Baht 712 million and Baht 758 million, respectively.

7.23.7 The Extraordinary General Meeting of Shareholders No. 1/2013, held on October 31, 2013, approved the integration of the Bank and the Bank of Tokyo-Mitsubishi UFJ, Ltd., Bangkok Branch (“BTMU’s Bangkok Branch”) by acquisition of the business of BTMU’s Bangkok Branch and the entering into a Conditional Branch Purchase Agreement between the Bank as transferee and the Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”) as transferor and other related agreements which are asset acquisition and connected transactions.

From the date of the business transfer of BTMU’s Bangkok Branch under the Conditional Branch Purchase Agreement, BTMU shall provide various services to the Bank as agreed between the Bank and BTMU prior to the transfer. Such services shall include existing services provided by BTMU to BTMU’s Bangkok Branch and other services as necessary and appropriate to ensure continued service of BTMU’s Bangkok Branch’s customers after the transfer of the assets. The Bank and BTMU will also enter into a Master Service Agreement to provide various services to the Bank which will include but not be limited to (a) General Services Agreement (b) Trademark License Agreement (c) Software License Agreement (d) Other ancillary agreements as may be agreed between the parties under the Master Service Agreement.

From the date of the business transfer of BTMU’s Bangkok Branch under the Conditional Branch Purchase Agreement until (1) the lapse of 10 years from the date of the transfer or (2) the date BTMU holds shares in the Bank less than 50 percent of all issued shares (whichever occurs later). The Bank may request for BTMU to provide funding assistance to the Bank and BTMU shall use its best efforts to provide such funding assistance after confirming that: (a) the price and condition for the Funding assistance is on an Arm’s Length Basis and is beneficial to both parties; (b) such funding assistance is aligned with the Bank’s Asset and Liability Policy and Funding Policy; (c) such funding assistance complies with the legal requirements (including tax concerning transfer pricing). If BTMU agrees to provide funding assistance as requested by the Bank, the parties shall further agree on the type, amount, tenor and interest rate of such assistance.

On January 5, 2015, the Bank has entered into the borrowing agreement with BTMU under (1) Uncommitted Revolving Facility or (2) Interbank and Money Market Facility. Total facility amount is JPY 900,000 million or USD equivalent which equals to Baht 292,500 million using the exchange rate of Baht 32.50:JPY 100.

7.24 Management compensation

The Bank and its subsidiaries have no special benefits given to the directors and executive officers beyond the general benefits made as usual, including contingency benefits from employment compensation agreements and other benefits for those persons.

The Bank and its subsidiaries did not sell, give or lease any properties to directors, executive officers, or their related parties, or did not purchased or leased any assets from those persons, except, during the six-month period ended June 30, 2017 the subsidiary had sold assets to managements in the amount of Baht 5 million with the book value of Baht 5 million.

For the three-month and six-month periods ended June 30, 2017 and 2016, compensations paid to key management personnel under TAS 24 (Revised 2016) “Related Party Disclosures” are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2017	2016	2017	2016
Short-term employee benefits	418	417	284	287
Post-employment benefits	15	13	10	9
Total	433	430	294	296

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2017	2016	2017	2016
Short-term employee benefits	893	913	591	650
Post-employment benefits	29	26	19	19
Other long-term benefits	17	-	16	-
Total	939	939	626	669

7.25 Long-term leases

The Bank and its subsidiaries have entered into land and/or buildings and equipment lease agreements for branch offices and operation. The Bank and its subsidiaries are committed to pay future rental and service as at June 30, 2017 and December 31, 2016 which are summarized as follows:

TYPE OF LEASE	PERIOD	Unit: Million Baht			
		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		June 30,	December 31,	June 30,	December 31,
		2017	2016	2017	2016
Land and/or premises and equipment	Within 1 year	1,219	1,422	1,011	1,054
	Greater than 1-5 years	1,309	1,203	1,032	936
	Greater than 5 years	207	239	28	30
		2,735	2,864	2,071	2,020

7.26 Operating segments

The business segment results are prepared based on the Bank and its subsidiaries' internal management reporting which reflects the organizational management structure. The operating results by business segment provided to Chief Operating Decision Maker to make decision about resources allocations, and assess the performance of, operating segments. The operating segment results are measured in accordance with Thai Financial Reporting Standards, which are also adjusted in accordance with internal management accounting rules and practices. Amounts for each business segment are shown after the allocation of certain centralized costs, income from investment, and the application of transfer pricing, where appropriate. Transactions between segments are recorded on the same basis as the transaction conducted with the third party transactions. Transactions between segments are eliminated on consolidation.

The business segments are described below:

Retail: provides individual customers with a diverse range of banking and related financial services. The products and services available to customers include current and savings accounts, fixed deposits, bill of exchange, housing loan, credit cards, personal loans and sale finance loans, hire-purchase and leasing, wealth management and banc assurance products.

Commercial: provides financial services and products to institutional clients including corporate, small and medium-sized businesses and financial institutions. Products and services comprise the full range of credit facilities from short term working capital, cash management, trade finance, transactional banking, advisory services, and treasury and money markets products.

Others: encompasses other income and expenses generating activities that are not attributed to the business segments described above and eliminated transactions for preparation of consolidated financial statements.

During the three-month and six-month periods ended June 30, 2017 and 2016, no revenue from transactions with a single external customer or counter party amounted to 10% or more of the Bank's total revenue.

Operating segment by businesses for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2017				
	Retail	Commercial	Others	Total
Interest income, net	11,429	5,518	(9)	16,938
Other operating income	5,957	1,880	(414)	7,423
Total operating income	17,386	7,398	(423)	24,361
Operating expenses	8,707	2,784	16	11,507
Impairment loss of loans and debt securities	4,077	2,058	(696)	5,439
Profit before tax	4,602	2,556	257	7,415
Taxation	903	421	135	1,459
Net Profit	3,699	2,135	122	5,956

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2016				
	Retail	Commercial	Others	Total
Interest income, net	9,353	5,900	2	15,255
Other operating income	5,386	1,993	(292)	7,087
Total operating income	14,739	7,893	(290)	22,342
Operating expenses	7,688	2,318	334	10,340
Impairment loss of loans and debt securities	4,053	672	530	5,255
Profit (loss) before tax	2,998	4,903	(1,154)	6,747
Taxation	582	1,072	(248)	1,406
Net Profit (loss)	2,416	3,831	(906)	5,341

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2017				
	Retail	Commercial	Others	Total
Interest income, net	22,489	10,920	13	33,422
Other operating income	11,941	3,914	(757)	15,098
Total operating income	34,430	14,834	(744)	48,520
Operating expenses	17,238	5,548	501	23,287
Impairment loss of loans and debt securities	7,733	2,838	112	10,683
Profit (loss) before tax	9,459	6,448	(1,357)	14,550
Taxation	1,881	1,155	(172)	2,864
Net Profit (loss)	7,578	5,293	(1,185)	11,686

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the six-month period ended June 30, 2016				
	Retail	Commercial	Others	Total
Interest income, net	18,358	11,887	3	30,248
Other operating income	11,103	3,722	(654)	14,171
Total operating income	29,461	15,609	(651)	44,419
Operating expenses	15,284	4,583	602	20,469
Impairment loss of loans and debt securities	7,824	1,723	1,122	10,669
Profit (loss) before tax	6,353	9,303	(2,375)	13,281
Taxation	1,264	1,942	(480)	2,726
Net Profit (loss)	5,089	7,361	(1,895)	10,555

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	Retail	Commercial	Others	Total
Total assets				
As at June 30, 2017	746,042	1,311,617	(169,128)	1,888,531
As at December 31, 2016	723,458	1,343,525	(183,795)	1,883,188

7.27 Position and results of operations classified by domestic and foreign business

(1) Position classified by type of business

Position classified by domestic and foreign business as at June 30, 2017 and December 31, 2016 are as follows:

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	June 30, 2017			
	Domestic	Foreign	Elimination	Total
Total assets	1,863,186	34,025	(8,680)	1,888,531
Interbank and money market items, net (Assets)	199,999	7,022	-	207,021
Investments, net*	127,471	1	-	127,472
Loans to customers and accrued interest receivable, net	1,406,451	20,913	-	1,427,364
Deposits	1,148,719	14,593	-	1,163,312
Interbank and money market items, net (Liabilities)	253,840	3,041	-	256,881
Debt issued and borrowings	168,316	4,806	-	173,122

	Unit: Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	December 31, 2016			
	Domestic	Foreign	Elimination	Total
Total assets	1,859,911	29,055	(5,778)	1,883,188
Interbank and money market items, net (Assets)	192,861	7,422	-	200,283
Investments, net*	133,700	1	-	133,701
Loans to customers and accrued interest receivable, net	1,384,619	18,666	-	1,403,285
Deposits	1,093,458	14,830	-	1,108,288
Interbank and money market items, net (Liabilities)	311,917	2,483	-	314,400
Debt issued and borrowings	155,968	4,358	-	160,326

	Unit: Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	June 30, 2017			
	Domestic	Foreign	Elimination	Total
Total assets	1,807,057	6,730	(4,473)	1,809,314
Interbank and money market items, net (Assets)	199,052	3,021	-	202,073
Investments, net*	181,172	-	-	181,172
Loans to customers and accrued interest receivable, net	1,324,587	1,246	-	1,325,833
Deposits	1,156,351	2,073	-	1,158,424
Interbank and money market items, net (Liabilities)	260,858	-	-	260,858
Debt issued and borrowings	145,821	-	-	145,821

Unit: Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
December 31, 2016				
	Domestic	Foreign	Elimination	Total
Total assets	1,803,616	6,287	(3,936)	1,805,967
Interbank and money market items, net (Assets)	191,464	2,989	-	194,453
Investments, net*	187,473	-	-	187,473
Loans to customers and accrued interest receivable, net	1,303,858	1,096	-	1,304,954
Deposits	1,100,903	2,011	-	1,102,914
Interbank and money market items, net (Liabilities)	317,462	21	-	317,483
Debt issued and borrowings	133,919	-	-	133,919

*Includes investments in subsidiaries and joint ventures, net

(2) Results of operations classified by business

Results of operations classified by domestic and foreign business for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2017				
	Domestic	Foreign	Elimination	Total
Interest income	22,589	882	(47)	23,424
Interest expenses	6,163	370	(47)	6,486
Net interest income	16,426	512	-	16,938
Fees and service income, net	4,646	(8)	-	4,638
Other operating income	4,296	21	(1,532)	2,785
Other operating expenses	17,968	510	(1,532)	16,946
Profit from operating before tax	7,400	15	-	7,415

Unit: Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
For the three-month period ended June 30, 2016				
	Domestic	Foreign	Elimination	Total
Interest income	21,027	50	9	21,086
Interest expenses	5,807	15	9	5,831
Net interest income	15,220	35	-	15,255
Fees and service income, net	4,298	10	-	4,308
Other operating income	5,027	18	(2,266)	2,779
Other operating expenses	17,816	45	(2,266)	15,595
Profit from operating before tax	6,729	18	-	6,747

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2017

	Domestic	Foreign	Elimination	Total
Interest income	44,477	1,783	(74)	46,186
Interest expenses	12,105	734	(74)	12,765
Net interest income	32,372	1,049	-	33,421
Fees and service income, net	9,286	21	-	9,307
Other operating income	8,671	54	(2,934)	5,791
Other operating expenses	36,024	880	(2,934)	33,970
Profit from operating before tax	14,305	244	-	14,549

Unit: Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2016

	Domestic	Foreign	Elimination	Total
Interest income	41,861	100	-	41,961
Interest expenses	11,686	27	-	11,713
Net interest income	30,175	73	-	30,248
Fees and service income, net	8,833	19	-	8,852
Other operating income	8,948	55	(3,683)	5,320
Other operating expenses	34,736	86	(3,683)	31,139
Profit from operating before tax	13,220	61	-	13,281

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the three-month period ended June 30, 2017

	Domestic	Foreign	Elimination	Total
Interest income	15,976	16	-	15,992
Interest expenses	6,039	3	-	6,042
Net interest income	9,937	13	-	9,950
Fees and service income, net	2,245	6	-	2,251
Other operating income	3,263	19	(1,530)	1,752
Other operating expenses	12,298	146	(1,530)	10,914
Profit (loss) from operating before tax	3,147	(108)	-	3,039

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the three-month period ended June 30, 2016

	Domestic	Foreign	Elimination	Total
Interest income	14,798	24	-	14,822
Interest expenses	5,702	2	-	5,704
Net interest income	9,096	22	-	9,118
Fees and service income, net	2,055	8	-	2,063
Other operating income	4,723	16	(2,266)	2,473
Other operating expenses	12,339	24	(2,266)	10,097
Profit from operating before tax	3,535	22	-	3,557

	Unit: Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	For the six-month period ended June 30, 2017			
	Domestic	Foreign	Elimination	Total
Interest income	31,345	32	-	31,377
Interest expenses	11,850	5	-	11,855
Net interest income	19,495	27	-	19,522
Fees and service income, net	4,543	12	-	4,555
Other operating income	9,221	38	(2,930)	6,329
Other operating expenses	24,683	167	(2,930)	21,920
Profit (loss) from operating before tax	8,576	(90)	-	8,486

	Unit: Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	For the six-month period ended June 30, 2016			
	Domestic	Foreign	Elimination	Total
Interest income	29,418	55	-	29,473
Interest expenses	11,433	4	-	11,437
Net interest income	17,985	51	-	18,036
Fees and service income, net	4,260	14	-	4,274
Other operating income	10,550	53	(3,683)	6,920
Other operating expenses	23,661	48	(3,683)	20,026
Profit from operating before tax	9,134	70	-	9,204

Income and expenses between the head office and branches or inter-branches are determined by the head office at the rate which approximates actual cost.

7.28 Interest income

Interest income for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

	Unit: Million Baht			
	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods		For the three-month periods	
	ended June 30,		ended June 30,	
	2017	2016	2017	2016
Interbank and money market items	718	801	715	802
Investment and trading transactions	14	25	14	25
Investment in debt securities	654	484	654	484
Loans to customers	15,132	13,827	11,027	10,917
Hire purchase and finance lease	6,906	5,949	3,582	2,594
Total interest income	23,424	21,086	15,992	14,822

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2017	2016	2017	2016
Interbank and money market items	1,307	1,424	1,299	1,419
Investment and trading transactions	56	55	56	55
Investment in debt securities	1,299	1,038	1,299	1,038
Loans to customers	30,027	27,709	21,849	22,033
Hire purchase and finance lease	13,497	11,735	6,874	4,928
Total interest income	<u>46,186</u>	<u>41,961</u>	<u>31,377</u>	<u>29,473</u>

7.29 Interest expenses

Interest expenses for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2017	2016	2017	2016
Deposits	3,074	3,105	2,863	3,115
Interbank and money market items	919	775	926	786
Contributions to Financial Institution Development Fund and Deposit Protection Agency	1,434	1,298	1,434	1,298
Debt issued and borrowings				
- Subordinated debenture	354	174	330	174
- Other	694	474	485	329
Borrowing fee expense	6	1	3	1
Other	5	4	1	1
Total interest expenses	<u>6,486</u>	<u>5,831</u>	<u>6,042</u>	<u>5,704</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2017	2016	2017	2016
Deposits	6,067	6,318	5,639	6,337
Interbank and money market items	1,862	1,494	1,869	1,508
Contributions to Financial Institution Development Fund and Deposit Protection Agency	2,796	2,561	2,796	2,561
Debt issued and borrowings				
- Subordinated debenture	636	348	588	348
- Other	1,386	977	957	677
Borrowing fee expense	9	8	4	4
Other	9	7	2	2
Total interest expenses	<u>12,765</u>	<u>11,713</u>	<u>11,855</u>	<u>11,437</u>

7.30 Fees and service income, net

Fees and service income, net for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2017	2016	2017	2016
Fees and service income				
- Acceptances, aval and guarantees	137	121	137	121
- Other	6,129	5,574	3,054	2,757
Total fees and service income	6,266	5,695	3,191	2,878
Fees and service expenses	1,628	1,387	940	815
Total fees and service income, net	4,638	4,308	2,251	2,063

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2017	2016	2017	2016
Fees and service income				
- Acceptances, aval and guarantees	269	243	270	243
- Other	12,283	11,482	6,218	5,714
Total fees and service income	12,552	11,725	6,488	5,957
Fees and service expenses	3,245	2,874	1,932	1,683
Total fees and service income, net	9,307	8,851	4,556	4,274

7.31 Gains on trading and foreign exchange transactions, net

Gains on trading and foreign exchange transactions, net for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2017	2016	2017	2016
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	1,152	1,153	1,159	1,132
- Derivative of interest rates	(251)	(202)	(245)	(202)
- Debt securities	3	(6)	3	(6)
- Equity securities	2	-	2	(1)
Total	906	945	919	923

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2017	2016	2017	2016
Gains (losses) on trading and foreign exchange transactions				
- Foreign currency and derivative of currency	2,152	2,598	2,161	2,577
- Derivative of interest rates	(240)	(805)	(211)	(805)
- Debt securities	5	1	5	1
- Equity securities	6	2	5	1
Total	<u>1,923</u>	<u>1,796</u>	<u>1,960</u>	<u>1,774</u>

7.32 Gains on investments, net

Gains on investments, net for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2017	2016	2017	2016
Gains on sales of investments				
- Available-for-sale	148	332	148	332
Total	<u>148</u>	<u>332</u>	<u>148</u>	<u>332</u>
Losses on impairment				
- Subsidiary	-	-	(100)	-
Total	<u>148</u>	<u>332</u>	<u>48</u>	<u>332</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2017	2016	2017	2016
Gains on sales of investments				
- Available-for-sale	341	531	341	531
Total	<u>341</u>	<u>531</u>	<u>341</u>	<u>531</u>
Losses on impairment				
- Subsidiary	-	-	(100)	-
Total	<u>341</u>	<u>531</u>	<u>241</u>	<u>531</u>

7.33 Impairment loss of loans and debt securities

Impairment loss of loans and debt securities (reversal) for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2017	2016	2017	2016
Interbank and money market items	43	23	43	23
Loans to customers	5,031	4,918	3,162	2,912
Loss on troubled debt restructuring (reversal)	365	314	3	(26)
Total	<u>5,439</u>	<u>5,255</u>	<u>3,208</u>	<u>2,909</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2017	2016	2017	2016
Interbank and money market items	(105)	1	(105)	1
Loans to customers	10,031	10,295	6,402	5,909
Loss on troubled debt restructuring (reversal)	757	373	12	(40)
Total	<u>10,683</u>	<u>10,669</u>	<u>6,309</u>	<u>5,870</u>

7.34 Income tax expenses

Income tax expenses for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS For the three-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the three-month periods ended June 30,	
	2017	2016	2017	2016
Current tax for the periods	1,375	1,349	491	554
Deferred tax	84	58	(19)	68
Total income tax expenses	<u>1,459</u>	<u>1,407</u>	<u>472</u>	<u>622</u>

	CONSOLIDATED FINANCIAL STATEMENTS For the six-month periods ended June 30,		Unit: Million Baht THE BANK'S FINANCIAL STATEMENTS For the six-month periods ended June 30,	
	2017	2016	2017	2016
Current tax for the periods	2,909	2,708	1,089	1,111
Deferred tax	(45)	18	(112)	37
Total income tax expenses	<u>2,864</u>	<u>2,726</u>	<u>977</u>	<u>1,148</u>

Reconciliation of effective tax rate

	CONSOLIDATED FINANCIAL STATEMENTS				THE BANK'S FINANCIAL STATEMENTS			
	For the six-month periods ended June 30,		For the six-month periods ended June 30,		For the six-month periods ended June 30,		For the six-month periods ended June 30,	
	2017		2016		2017		2016	
	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)	Rate (%)
Profit before tax	14,550		13,281		8,486		9,204	
Income tax at the domestic tax rate	2,910	20.00	2,656	20.00	1,697	20.00	1,841	20.00
Add Tax effect of income and expense that are not exempt for tax purposes	804	5.53	868	6.54	83	0.98	87	0.94
Less Tax effect of income and expense that are exempt for tax purposes	(850)	(5.84)	(798)	(6.01)	(803)	(9.46)	(780)	(8.47)
Income tax expenses as per statements of profit or loss and other comprehensive income	2,864	19.69	2,726	20.53	977	11.52	1,148	12.47

7.35 Income tax relating to components of other comprehensive income

Income tax relating to components of other comprehensive income for the three-month and six-month periods ended June 30, 2017 and 2016 are as follows:

	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	For the three-month periods ended June 30,					
	2017		2016			
	Amount before tax	Tax income (expenses)	Net amount after tax	Amount before tax	Tax income (expenses)	Net amount after tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	201	(40)	161	(663)	133	(530)
Gains (losses) arising from translating the financial statements of a foreign operation	(74)	13	(61)	-	-	-
Other comprehensive income	127	(27)	100	(663)	133	(530)

	Unit: Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	For the six-month periods ended June 30,					
	2017		2016			
	Amount before tax	Tax income (expenses)	Net amount after tax	Amount before tax	Tax income (expenses)	Net amount after tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	189	(38)	151	135	(27)	108
Gains (losses) arising from translating the financial statements of a foreign operation	(263)	51	(212)	(1)	-	(1)
Other comprehensive income	(74)	13	(61)	134	(27)	107

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the three-month periods ended June 30,

	2017			2016		
	Amount before tax	Tax income (expenses)	Net amount after tax	Amount before tax	Tax income (expenses)	Net amount after tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	201	(40)	161	(663)	133	(530)
Other comprehensive income	201	(40)	161	(663)	133	(530)

Unit: Million Baht

THE BANK'S FINANCIAL STATEMENTS

For the six-month periods ended June 30,

	2017			2016		
	Amount before tax	Tax income (expenses)	Net amount after tax	Amount before tax	Tax income (expenses)	Net amount after tax
Item that will be reclassified subsequently to profit or loss						
Gains (losses) on remeasuring available-for-sale investment	189	(38)	151	135	(27)	108
Other comprehensive income	189	(38)	151	135	(27)	108

7.36 Approval of financial statements

These financial statements have been approved for issue by the Board of Directors on August 23, 2017.